Murdoch's dream for US television, Page 4

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Tuesday August 12 1986

**EUROPE'S BUSINESS NEWSPAPER** 

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MIC GROWING

October 1986

### Israeli jets bomb bases in Beka'a

Israeli warplanes attacked Palesti-nian bases in the Syrian-controlled Beka'a valley of Lebanon for the

Beka's valley of Lebanon for the first time in nearly a year.

It was the second day running that Israeli fighters and helicopter gunships had been in action in Lebanon against Palestinian targets, indicating a stepping up of Israel's policy of severe reprisals for guerrilla attacks.

On Species the targets were said.

On Sunday the targets were said to be "terrorist sites" in refugee camps outside Sidon controlled by Mr Yasser Aradat's Fatah organisation. Page 3

Egypt, Israel agree Egypt and Israel reached agreement on the terms of arbitration over the disputed Taba border re-gion. Page 3

#### Refinery bombed

Iraqi aircraft bombed an oil refinery at the Iranian city of Isfahan for the second time in five days. Iran said two people were killed and an Iraqi Mirage jet shot down.

#### **US-Soviet talks**

US and Soviet arms experts began two days of talks in Moscow designed to speed up negotiations on nuclear and space weapons and pave the way for a foreign minisiers' meeting and possibly a sum-

#### Paisley denial

The Rev Ian Paisley denied his leadership of the Democratic Unionist Party in Northern Ireland was under threat. He signalled his intention to go to the Irish Republic to accompany his deputy who faces criminal charges there on Thurs-

### West German threat

West Germany warned East Germany that its refusal to stop the flood of Third World refugees damage bilateral relations.

### Coalition breaks up

The coalition Government of the breakaway Turkish Republic of North Cyprus resigned after splitting over plans to streamline the economy. Page 2

### Asylum 'sought'

A Cuban-born US Army captain had sought political asylum in Cuba as a result of his objections to Washington's policy in Central America, the Communist Party daily Granma claimed. The US denied the report.

### Security talks

US and Australian officials began talks in San Francisco on how to define the security relationship between the two countries after New Zealand's effective suspension from the Anzus defence pact.

### White House tests

More than 70 White House staff members took a voluntary test for illicit drug use to dramatise Presi-dent Ronald Reagan's drive against

#### drug abuse. Bhopal challenge

The Indian Government's lawyers challenged Union Carbide to prove its charge that the gas leak in Bho pal which killed more than 2,000 people in 1984 was the deliberate act of a disgruntled employee.

### Passports held

Two hundred English football supporters had to surrender their passland. Scores of fans had wrecked this year, to \$61m from \$76m, after bars and damaged a tram after total loan loss provisions were Manchester United lost to Ajax in Amsterdam.

#### Business summary

### Frankfurt stages fresh rally

FRANKFURT: The Commerciani index of 60 leading shares, calculat ed at mid-session, rose 62.5 points to 2,014.5, breaching 2,000 for the first time since June 6. Page 30

WALL STREET: The Dow Jones industrial average closed 28.54 up at 1,811.16. Page 30

LONDON: Gold issues surged but others showed some falls. Gilts were mixed with a higher bias. The FT Ordinary share index gained 11.3 to 1,228.7 and the FT-SE 100 added 16.1 to 1,542.8. Page 39

TOKYO: Shares managed a moder ate rise despite concern over high prices. The Nikkei average added 43.58 to 17,479.11. Page 30



DOLLAR closed in New York at DM 2.0595, SFr 1.6570, FFr 6.6695 and Y153.55. It fell in London to DM 2.0605 (DM 2.0695); FFr 6.69 (FFr 6.72); SFr 1.6560 (SFr 1.6675), and to Y153.75 (Y154.10). On Bank of England figures the dollar's index fell to 110.6 from 111.0. Page 23

STERLING closed in New York at \$1.4875. It rose in London to \$1.4865 (\$1.4755); DM 3.0625 (DM 3.0500); FT. 9.9456 (FT. 9.9025); SFr 2.4625 (SFr 2.4575), and to Y228.50 (Y227.00). The pound's exchange rate index rose 0.2 to 71.1. Page 23

GOLD rose \$17.125 to \$387.00 on the London bullion market. It also rose in Zurich to \$389.50 from \$368,25. In settlement was \$398.50. Page 22

BRAZIL is facing a severe energy crisis that looks certain to force rationing next month. Page 4

JAPAN'S trade surplus hit a record monthly high of \$8.22bn in July.

TWO JAPANESE companies - Kok-ko Steel Works and Miroku, an of-

fice equipment venture - independently sought protection from their creditors, emphasising the down-turn in business climate this year across a wide spectrum of Japanese industry. Page 12

GENERAL MOTORS and Suzuki of

Japan are expected to announce that they will build a C\$650m (\$470m) plant in Ontario to produce 200,000 or more small cars a year.

WINDSMOOR, British clothing manufacturer, has dropped Chase Manhattan Securities as its financial adviser because of personal dealings by Chase employees in the company's shares. Page 12

**ACCOUNTANCY:** Several firms are trying to persuade KMG, the inter-national practice which has a strong European base, to agree to a merger to create the largest worldwide husiness. Page 13

TRANSAMERICA Corporation, San-Francisco-based insurance, leasing and services group, announced the first step in its planned divesti-

ARAB Banking Corporation, Bahrain-based international bank, has

# Platinum 'frenzy' leads gold price to two-year high

BY STEFAN WAGSTYL IN LONDON

GOLD PRICES surged yesterday to their highest levels for more than two years, boosted by the continuing rise in platinum which is reacting to fears of disruption in supplies from South Africa.

Gold hit a peak of \$397 an ounce in London - \$27,125 above Friday's close - before falling back to finish at \$387. Platinum, which closed on Friday at \$502.25 an ounce, traded briefly above \$560 and ended the day at \$544.50.

In New York, gold and platinum prices closed sharply higher despite profit taking late in the session.

The pace setting October delivery contract for gold on the New York Commodity Exchange finished \$15.80 higher at \$334.80, after peaking amid heavy selling pressure at \$401.

This was the highest trading priced reached by the October contract for 2% years.

New York dealers on the Mercantile Exchange pushed the price of platinum \$25 higher than Friday's closed – the maximum allowed on the futures exchange.

October platinum finished at \$548.10, its highest level since 1981. In Zurich, gold ended at \$390.50 an ounce and platinum at \$540 an

Mr Brian Nathan, managing di- bond markets have in any case been buying bullion.

The market received a boost ear-

rector of Ayrton Metals, a platinum marketing company, said that the markets were being driven by the "speculative frenzy" in platinum. Mr Bill O'Neill, research director at lier this year when the Japanese Government bought gold for the minting of a coin to mark the 60th Elders Finance in New York, said: anniversary of the reign of Emper-"We are seeing the highest interest in bullion since 1980." or Hirohito. But traders said that the activity of the last few days exceeded that, with Far Eastern, Mid-Traders said that the trigger for dle Eastern, European and US investors all buying bullion. "We have the increase in gold prices, which are up \$35 since the beginning of August, has been the rise in the platinum price. The climb in plati-

seen people we have not seen for five years," said one trader. The price increases add an ironic num prices from a low last March twist to the arguments over imposof \$237 an ounce has followed the ing sanctions on South Africa. For increase in political uncertainty in South Africa, which supplies some 85 per cent of the Western world's the fears about the effects of sanctions have improved rather than damaged South Africa's balance of payments - every \$10 an ounce in-Investors have been buying platicrease in the gold price adds some \$200m a year to the value of exnum for fear that South Africa

might restrict exports in reaction to In Johannesburg, gold shares posted record one-day gains taking the all-gold index from Friday's close of 1501.5 to 1605.6, the highest yet. The overall stock market index any severe economic sanctions Western countries might impose -even though such retaliation is thought in South Africa to be ex-Buying has slipped over into gold also closed at a record 1774.1. In for three main reasons. The prices of the two metals have historically London the Financial Times Gold Mines Index closed 35.1 up at 238. Vaal Reefs, the bellwether gold stock, closed £8% higher at £43% moved together; the platinum market is too small to accommodate (\$64). Rustenburg, the leading platilarge amounts of money rapidly; and some investors anxious about the outlook for world stock and num company, was 95p up at 695p. Lex, Page 12; Commodities, Page 22

# Durban court forces review of detention

BY ANTHONY ROBINSON IN JOHANNESBURG

THE NATAL Supreme Court in Durban yesterday declared invalid two key clauses of the South African Government's emergency regu-lations in a ruling which could lead to the release of hundreds of detainees or force the authorities to amend the rules.

After an urgent application for the release of Mr Lechesa Tsenoli, Natal publicity secretary of the United Democratic Front (UDF), the main anti-apartheid group inside South Africa, the three judges found that President P. W. Botha had acted beyond his powers under the Public Safety Act in the way he authorised detentions without trial. They ordered Mr Tsenoli's release. Counsel for the state said they would appeal against the ruling, the latest in a series of court challenges

which have eroded the powers of the emergency regulations.'
The court's decision could affect an estimated 500 detainees held in Natal province.

Separate actions would have to be filed on behalf of other detainees estimated to number at least 4.000 - held in South Africa's three other provinces. Lawyers believe, however, that before this could happen the Government would quickly bring in amended regulations to keep the emergency in force and those detained behind bars.

The surprise ruling - which also ordered that the State President

Angola's Defence Ministry said that South African troops had attacked the strategic town of Cui-to Cuanavale, 185 miles inside south-east Angola on Sunday, Reuter reports from Lisbon. In Pretoria, a South African military spokesman said the defence force saw no point in commen-ting on "these latest allegations," adding that it had been the target of Angolan claims for many

the Minister of Justice should pay the costs of the application - had an immediate effect on another legal challenge to the validity of the emergency regulations brought in the Pietermaritzburg Supreme Court by the four leading Englishlanguage newspaper groups in South Africa.

The four newspaper groups are seeking a ruling that sections 7-12 inclusive of the regulations affecting the press are void on grounds that the State President exceeded his powers in making them and that they are "vague, unjust or un-

The regulations forbid the reporting or photographing of any act of public violence, strike or boycott without the permission of the commissioner of police. They also for-

Continued on Page 12 Botha rallies faithful, Page 3

### Aquino to press US banks for equity swap plan

during a visit to the US next month to seek the support of bankers for the scheme, which appears broader in scope than debt for equity swaps already arranged by some major Latin American debtors.

Commercial bankers profess strong support for the principle of converting borrowings into equity as one method of chipping away at the costs of paying interest on for-eign currency debt. But they see practical problems as well as amount of conversions which can be made without creating new economic problems for the borrowing co<u>un</u>try.

The plan was devised by Mr Jaime Ongpin, Finance Minister, and Mr Jose Fernandez, central bank governor. Their idea came from the secondary market in loans to developing countries, in which banks anxious to end their expo-sure may sell their Philippine loans at discounts of 30 or 40 per cent to

ment," Mr Fernandez says, "to utilise the opportunity presented by this type of transaction in order to encourage investors to make longterm equity investments in Philip

ject to swaps would be paid at full a separate subsidiary of Interna-tional. Three of its directors, includ-which they could then invest in lo-

intended to begin the process of buying up discounted loans and converting them.

Continued on Page 12

# Co-ordinated bid to cut interest rates expected

tremely unlikely.

BY JONATHAN CARR IN FRANKFURT

help to boost economic growth.

council n was rejected by officials here. The meeting is likely to be used

for a review of West Germany's economic and monetary indicators -against the background of the falling dollar - with action following only later.

Despite misgivings, the Germans are gradually veering closer to a cut in discount and Lombard rates, if ich action can be co-ordinated with other countries. The most likely time for a round

of cuts is thought to be September -just a year after the New York "Plaza" meeting of five leading industri-alised countries, which ushered in a co-ordinated drive to push down the This has emerged after three

hours of talks at the weekend be-

LEADING Western industrialised tween Mr Paul Volcker, chairman stave off a further sharp drop in the countries may co-ordinate a cut in of the US Federal Reserve Board, dollar, which at around DM 2.05 key interest rates in September to and Mr Karl Otto Põhl, the Bundes yesterday is now more than 50 per bank president.

desbank president who died early

It is believed that Mr Volcker repeated the US desire for other mafor countries to take new action to boost economic growth, thus sucking in more imports and helping to stem the huge US trade deficit.

The Bundesbank is known to feel

it has very little scope to cut rates on its own, not least because it does not wish to weaken the position of the D-Mark within the European Monetary System (EMS). The Germans are also sceptical

about the real impact on their economic growth of a further drop in the discount rate, which at only 3.5. per cent is already close to a historic low.

Against that, they are anxious to

cent below the rate at the start of But speculation that the Bundes-bank might drop its rates on Thurs-the sidelines of the funeral for Mr would be increased if the Fed again month, without accompanying cuts in other countries.

This in turn would further under-

mine the price competitiveness of German exports, which are already feeling the squeeze even though the country is heading for a nominal trade surplus this year of around DM 100bn. It is pointed out that German ex-

ports are already stagnating in real terms (after allowing for the sharp drop in import prices, especially of oil) while imports have been rapidly

It is also stressed that whate the strict economic and monetary arguments, the interest rate/dollar issue has become ever more politi-

Continued on Page 12

# BankAmerica's chief financial

ture programme with the sale of Budget Rent-A-Car to Gibbons, Green Vanamerongen. Page 13

other blow for BankAmerica which

signed after less than six months as macost, the group's 48-year-old its chief financial officer and treasurer.

macost, the group's 48-year-old chief executive, and help to get a better grip on the group's nearly \$5bn in non-performing assets. However, Mr Poelker said yesterday that he would be returning to the south east US "to pursue othe

> management team," emphasised that his decision to quit was "purely a personal matter."

BANKAMERICA, the struggling ing from the need to bolster re-West Coast banking group which serves to cover its problem loan and attention, Mr Poelker said. He last month posted a \$640m second-portfolio. "for several months" but made his final decision last week as he was preparing to move his family from Atlanta to California." Balancing the time demands of the job against my responsibilities to my family, I concluded that the job at BankAmerica would extract too high a price from my familiy, he said.

> Continued on Page 12 Background to Allegheny chief's resignation, Page 13

# officer quits after five months

BY PAUL TAYLOR IN NEW YORK

quarter 10ss - the second higgest quarterly loss ever reported by a US commercial bank - said yesterday that Mr John Poelker had resigned after less than six months.

Mr Poelker who was president and chief financial officer at Citi-zens & Southern Georgia before joining BankAmerica, cited personal family reasons for his surprise decision which marks the latest in a series of management changes and reorganisations at the banking

business opportunities. The 43-year-old banker, whose appointment was hailed by Mr Armacost as "adding depth to our

The bank is taking the neceshas been struggling to stem a series of huge losses, including a net loss sary steps to achieve its turnaof \$337.2m last year mainly resultround, but that effort is demanding

Mr Armacost said: "We regre John's decision, but we understand it." BankAmerica said that Mr Poelker would remain with the bank until a successor was named. Be fore his appointment BankAmerica had not had a chief financial officer since Mid-1984.

Speculation about further man

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Management: US importer Technology: Alvey at the exploits fashions ...... 6 crossroads ....................... 18

### Hammermill accepts International offer

BY PAUL TAYLOR IN NEW YORK

HAMMERMILL PAPER, the largest US producer of fine writing paper, yesterday accepted a cash take-over bid worth \$1.08bn from Inter-

International emerged as a white knight" for Hammermill, which has been fighting an \$870m hostile bid from a group of inves-tors led by Mr Paul Bilzerian. Hammermill said last week that it had sible partners in an effort to thwart

International yesterday offered \$64.50 for each Hammermill share. The California-based Bilzerian group offered at the weekend to sweeten its initial \$52 bid to \$57.

On Wall Street, Hammermill shares rose \$5 to \$64 when trading was launched last month.

started after a delayed opening. In-ternational shares fell by \$2 to

national Paper, the world's largest Hammermill would be operated as ing Mr Craig McClelland, chairman cal companies of their choice. and chief executive, would join the Mrs Aguino will canvass su International board. International, based in New York,

had net profits of \$106m last year entered talks with a number of pos- on sales of more than \$4.5bn. Hammermill, based in Erie, Pennsylvania, reported sales of almost \$2bn and net profits of \$37.9m.

Although the deal appears to end the Bilzerian group's hopes of gaining control of Hammermill, the investors should make a profit of more than \$21m on the 20 per cent stake that they bought when the bid

### By Samuel Senoren in Manila and Alexander Nicoli in London THE PHILIPPINES, with a \$26bn foreign debt of which \$14bn is owed to commercial banks, is attempting to reduce the demands on its foreign exchange earnings with a radical plan to convert some borrowings into equity in Philippine companies. President Corazon Aquino plans

They are also likely to look very closely at the terms being suggested by the Philippines Government. After the release of guidelines last week, bankers in Manila are al-ready saying that the package being offered is not attractive enough and that fees to be charged by the Government are high.

"It is the intention of the Govern-

pine enterprises."
Instead of being repaid in dollars, holders of debt which became sub-

Mrs Aquino will canvass support in the US for a fund of up to \$250m.

The guidelines recommend investment in priority concerns including agriculture and export-oriented businesses as well as less profitable areas such as health and housing. There would be limits on the extent to which investors could recover capital during the first eight years.



Agriculture .....22 Arts - Reviews 9 

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South Africa: Botha calls on UK: computerising for the

US: Murdoch moves closer to Lex: gold price; BET; GT 

# Europe-wide move to share tax information attacked

federation, representing tax Industry.
institutes and consultants has The "convention on mutual urged governments of the Euro administrative assistance in tax governments. pean Community not to sign a matters" has been drafted by Tax author

ment, issued from its head-quarters in Bonn last week, would be opened for signature follows similar attacks on the follows similar attacks on the proposed convention by the International Chamber of Commerce, by professional organisations of tax accountants in West Germany, Switzerland and Austria and by the Swiss Bankers' when collect taxes, enforce the proposed convention by the proposed convention by the International Chamber of Commerce, by member-states.

Essentially, the convention Luxembourg and Liechtenstein have tabled serious reservations about the convention. Last year the Swiss vetoed in the OECD a scheme to lift banking secrecy for tax authorities.

convention providing for greater officials at the Organisation for to join in investigations in co-operation among national tax authorities in combating tax evasion and avoidance.

The Confederation's state
The Confederation

THE EUROPEAN Fiscal Con- Association and Federation of claims or initiate prosecutions federation, representing tax Industry.

Tax authorities would be able

Superpower

arms teams

begin talks

MR Viktor Karpov, the chief soviet arms negotiator, began talks with a high-ranking American delegation yesterday saying the Soviet Union "would do anything" to schedule a superpower summit, AP reports from Moscow.

But Mr Karpov charged that public statements on US arms control policy suggest the White House is not interested in progress toward disarmament, a prerequisite frequently cited by the Kremlin for setting the date of the next US-Soviet summit.

Mr Karpov spoke outside the Foreign Ministry to an ABC-TV crew, acting as a pool for American television networks. He then left for the

talks with the US delegation headed by Mr Paul Nitze, President Ronald Reagan's arms control adviser.

The US embassy and mem-bers of the American delega-tion declined to comment on the negotiations, taking place

in a government guest house in the Lenin Hills on the edge

The talks, scheduled to last of central Moscow.

two days, are seen as an important phase of preparations for a September 19-20 meeting between US Secretary of

State George Shultz and Soviet Foreign Minister Eduard Shevardnadze.

The meeting is intended to set an agenda for a 1986 summit between Mr Reagan

and Soviet leader Mikhail Gorbachev.

Mr Reagan and Mr Gorbachev agreed to hold the meeting in the US after their first summit in Geneva last November. The Soviet Union has repeatedly said they want to see progress toward an arms control agreement be-

fore a meeting is scheduled.
Mr Karpov stressed the importance of negotiating a treaty ban on nuclear testing.

conducting a unilateral moratorium on tests that expired last Wednesday, but has not said whether it will

Soviet Union was

now understood to be reconsidering their attitude to the proposed convention and to be seeking co-ordination with Britain and France. The convention's most rabid

opponents in Switzerland have likened it to an Orwellian scheme, concocted by faceless bureaucrats in the OECD who are accused of trying to sneak it through the Council of Europe without careful consideration at governmental level and without it being tested by public opinion.

The European Fiscal Con-

payer's secrecy particularly as far as business matters and

data protection are concerned,
Secondly, it gives the state
excessive rights to information
before any criminal investigation has been instigated. Next,
it denies the taxpayer his right to a legal hearing by allowing for an exchange of information at a purely administrative level. Fourthly, the Confederation argues, it is wrong to introduce a multilateral convention before tax legislation in the countries

The West German Finance federation more soberly rejects concerned has been harmon-and Economy Ministries are the convention on four grounds. ised.

of Commerce earlier faulted the draft convention for not distinguishing between tax evasion and tax avoidance. The ICC considered that the con-vention would open the way for vention would open the way for tax authorities to undertake unwarranted "fishing expeditions" for irrelevant information. It was particularly critical of the convention's provision for "spontaneous" exchange under which states would be obliged to pass on information without being requested to do so formation witho requested to do so.

### Mahathir seeks to consolidate power in Cabinet reshuffle

Malaysian Prime Minister, fresh from his landslide victory in the recent general elections, yesterday reshuffled his Cabinet and further consolidated his

power.

He retained for himself the powerful Home Ministry, which controls the police and monitors national security and political developments. For his deputy, he reappointed Mr Ghafar Baba who, at 61, is a year older than him and is not regarded as a threat, while con-firming loyalists in powerful portfolios of finance, education

frming loyalists in powerful portfolios of finance, education and agriculture.

At the same time, supporters of Datuk Musa Hitam, his former deputy and potential challenger, were dropped or shifted to less sensitive portfolios. One of these was Rais Yatim, who was moved from information to the Foreign Ministry. Observers note that, while the Foreign Ministry is prestigious, it is nevertheless one that allows little time for

grass-roots politics.

To his credit, Dr Mahathir did not crode the already weak position of the non-Malays in the Cabinet. Most of the coalition partners in his National Front were given back the same number of seats as in the previous government. same number of seats as in the previous government.

However, Datuk Paul Leong, the respected Minister of Primary Industries. was replaced by Dr Lim Kheng Yaik because Dr Lim, as Gerakan Party President, is senior to him in the party.

Dr Mahathir said there would be no change in government

### Malay bank fights to avert co-op crisis

BANK NEGARA, the Malaysian central bank, has ordered the suspension of 24 of the 34 deposit-taking co-operatives (DTCs) in a move to avert a financial scandal potentially as damaging as the loss of nearly \$1bn to Hong Kong property speculators by the state-owned Bank Bumiputra during 1979-83.

The manicky members in the past wo months. In announcing the suspension of the co-operatives' operations last Friday, Mr Daim Zainuddin, the Finance Mimister, also ordered the assets of 136 directors and principal officials to be frozen and their passports impounded.

Bank Negara has now an analysis of the past two months.

The immediate reason for the central bank's action was the massive run on the DTCs by depositors which, unhalted, would almost certainly have led to the collapse of a great num-ber of the co-operatives. It could also trigger a run on commercial banks and finance companies in the present climate of political and economic uncertainty.

economic uncertainty.

The situation is politically sensitive in that many of the directors of the DTCs are prominent politicians, particularly from the Malaysian Chinese Association, the Chinese partner in the coalition government. The MCA fared badly in the general election early this month. THE COALITION government of the breakaway Turkish Republic of North Cyprus resigned yesterday after disagreements over plans to streamline the economy, Reuter

reports from Nicosia.

Prime Minister Dervis

Eroglu said that Mr Rauf Denktash, the Turkish-Cypriot leader
had asked him to stay on as a early this month. No criminal charges are being filed against the 136 directors and officials concerned, but Malaysian authorities say the co-operatives were involved principally in two dublous activities which have got them into serious trouble.

They have lent huge sums of money to directors, their relatives and associates, often without adequate collateral.

They have invested huge sums in land, property and the share market at the peak of

Following the collapse of the share and property market last year, most of the DTCs found in many instances, the purchase The crisis facing the place of property and shares were reached its climax in the past week when norvous depositors. from companies in which week when norvous depositors, co-operative directors have a descended on DTC branches to vested interest.

of ringgit 192m for December that has developed in Malaysia. 1985.
One DTC has experienced a withdrawal of ringgit 200m "credit and leasing companies"

impounded. Bank Negara has now ap-

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pointed 17 accounting firms to investigate the accounts and assets of the co-operatives and a report on their financial posi-tion is expected within a month. The other 10 remaining DTCs are believed to be financially sound and are allowed to operate normally.
The central bank is also pro-

posing to impose tough rules on the DTCs similar to those enforced on banks and finance companies.

The DTCs have been around for sime time, but they mush-roomed in the early 1980s when the promoters exploited a loop hole in the law. Undre the finance ordinances,

Deposit taking co-operatives are facing a collapse of confidence, Wong Sulong reports

only banks and finance companies can accept deposits from the public, but the Co-operative the public, but the Co-operative Act allows co-operatives to accept deposits from members. Until the emergency rules were gazetted three weeks ago, the DTCs did not come under the supervision of Bank Negara, but under the Ministry of National and Rural Development, which was illuminated. ment, which was ill-equipped to monitor their activities. The crisis facing the DTCs

make withdrawals after hearing The 34 DTCs have total deposits estimated at more than ringgit 4bn (£1.03bn) and the 24 which have been suspended have deposits of ringgit 1.5bn, from 540,000 members.

This compares with ringgit 7blb in deposits for all the 39 would only protect the procommercial banks and ringgit make withdrawals after hearing rumours that they were in serious financial trobule. The Government hopes its intervention will save many DTCs from liquidation and protect the funds of depositors, but the opposition leader, Mr Lim Kit Sing, claimed the move would only protect the procommercial banks and ringgit moters and was rolitically moti-51bn in deposits for all the 39 would only protect the pro-commercial banks and ringgit moters and was politically moti-14.5bn for the 42 finance com-vated. He is demanding that 14.50n for the 42 finance companies at the end of last year. Tan Sri Ahmad Noordin, the One of those suspended is respected investigator into the Koperatif Serbaguna Malaysia (KSM), which was sponsored by the MCA and which holds 41 per cent in the publicly-listed Multi-Purpose Holdings, the giant Chinese investment group. MPH reported an after-tax loss of ringgit 192m for December 1985.

The South Pacific Forum, which ended a four-day meeting yesterday, also told the US it must pay generously for fishing in the area or face increased Soviet competition.

The forum countries, spread over millions of square miles of ocean, said they would ask the nuclear powers to recognise the increar powers to recognise their one-year-old treaty declar-ing the South Pacific to be a nuclear-free zone.

oays and holidays. U.S. subscription rates \$365.00 per anuum. Second class postage paid at New York, N.Y. and at additional mailing of-fices. POSTMASTER: send address changes to FIRANCIAL TIMES, 14 East 60th Street, New York, N.Y.

### Restructuring of key industries may be extended in Spain

BY DAVID WHITE IN MADRID

STATE-BACKED streamlining in the light of developments in measures for key Spanish the market since the last plans industries will need to be were drawn up three years ago. extended over the next few Industry experts say that Spanish years in response to changes needs to shed another 10,000-in the international environ-ment, according to a report by sector.

spain's inirg attempt to cur costs and adjust production in the sector. The terms under which Spain joined the EEC at the beginning of this year allowed the Government to continue state support for steel for three years to the end of

This permits Madrid to complete its current Pta 525bn (£2.65bn) plan for updating the country's main integrated steel complexes.

The chairman of the state-owned Ensidesa steel company, Mr Fernando Lozano, said at the weekend that he did not rule out a further reconversion grounds for prolonging state intervention. Investments under the programme up to the end of the last totalled Pta 160bn and were due to reach Pta 493bn by the end of 1988.

About 80 per cent of the 67,000 jobs involved had the weekend that he did not rule out a further reconversion of 1985, it said.

The report comes amid growing expectations of another "reconversion" plan for the steel industry, which would be Spain's third attempt to cut costs and adjust production in the sector. This covered new investments, financial restructuring and labour cuts.

The Ministry's report said the

results had been "globally posi-tive" but that there were grounds for prolonging state intervention. Investments

### Oslo pays oil companies £22m to avoid lawsuits

NORWAY'S GOVERNMENT is tion royalty payments should be to pay 10 oil companies a total made. by Philips Petroleum. could not apply to oil field
Last December, after a licences granted before that
prolonged legal battle, the date. The Ekofisk Field licence
Norwegian Supreme Court dates from 1965.

licensees on the country's now receive money from the Ekofisk Field — just over Government are the licensees on NKr 140m, plus NKr 675,000 the Frigg, Valhall, Odin and NKr 140m, plus NKr 675,000 the Frigg, Valhall, Odin and costs, as compensation for extra Heimdal fields, all of which interest charges incurred after pre-date the 1972 decree. The

Philips had claimed that the of a law suit brought by another new rules, which were group of oil companies, headed announced in a 1972 decree.

#### continue the temporary ban. Yugoslavs produce less

PLUNGING productivity, soar- alarming level," it said. ing absenteeism and growing Bureaucratic organisations had bureaucracy are afflicting Yugo-slavia's economy, the official communities or bodies they newspaper Borba said yesterday. Renter reports from slavs employed in the state

"The lack of productivity in hours work a day on average Yugoslavia, in spite of all and 600,000 people were absent appeals, has reached an from work every day.

Oslo unilaterally changed the payment is being made to rules about how often productorestall law suits by the 10

sector put in only three to four

### Citibank attacked

A petrol bomb was thrown into a Citibank branch office in Athens early yesterday, causing heavy damage but no injuries, police told AP. The initials of a group with a record of attacks against US targets were written in large chalk letters in the faster than expected BY DAVID BARCHARD IN ANKARA

FURKEY'S GROSS national pro- Turgut Ozal, the Prime Min-

expecting a strong performance this year, partly because of a good harvest, the most optimistic guess until the latest and the central bank is likely figures were published was that to continue until the end of

run-up to important by-

facturing and agriculture growthe same months last year, ing by 2.7 per cent and 5.7 per During the period, the trade cent respectively. It looks as if deficit rose by 42 per cent to the 1986 figures could be around \$1.309bn, while tourism rec ts 10.3 per cent and 7.1 per cent and remittances from workers

duct is growing much faster ister, whose administration is than expected, but so is the current account deficit, according to figures published by the govarrance at the weekend.

During the first six months of

ernment at the weekend.

The state institute of statistics reported that GNP grew by 7.8 per cent during the first half of the year, well above the target level of 5 per cent. Though government officials have been equivalent to nearly half the

GNP growth this year would be more than 6 per cent.

Opposition politicians have expressed some scepticism about the figures, noting that they are being published during the continue until the end of an ext year. Though Turkey has paid off 65 per cent of its principal and interest commitments due this year, totalling the continue until the end of the continue unti

The current account deficit for the January-May period, at Turkey's economy grew by 5.1 \$922bn is running nearly three per cent in 1985, with manutimes as high as it was during A strong growth performance abroad, two of the main items would be of considerable on the invisibles balance sheet, assistance to Mr fell.

dependence on Ankara. Soviet grain warning The Soviet Communist party daily Pravda criticised poor work in the agricultural sector must be saved during the current harvest. Reuter reports from Moscow. The US Department of Agriculture last month Soviet harvest to 180m tonnes from 185m and forecast that

quits after split

caretaker until a successor was

The end of his 13-month-old

dministration followed weeks

of argument over plans, suggested by Turkey, for the

territory to introduce liberal economic policies to attract

foreign investment and reduce

Moscow would have to import 34m tonnes Italian police raids

Italian police said yesterday they had arrested 147 people, seized 22 lbs of drugs and large numbers of arms and ammuni-tion in five cities, Reuter reports from Milan. They said that in a co-ordinated two-day operation involving thousands of men in Milan, Como, Pavia, and Varese 122 suspects were detained on various drugs, illegal arms and false currency charges. Fifty stolen cars were recovered and returned to their owners. In a separate operation in Palermo, 300 police using dogs and supported by helicopters raided hundreds of houses and arrested 25 people.

### Poland and UK reach accord on debt rescheduling

BY ALEXANDER NICOLL

cover \$119m of debt, though the Export Credit Guarantee Department could not confirm

which has also seen the country being admitted to the Inter-

In June, the UK made an offer of £20m credit, but this depended on several conditions including the signing of the rescheduling of 1985 payments. It is conditional on Poland

Paris Club, which groups official creditors, on rescheduling pay-

ments due in 1986.

Poland or came back for good with a newly issued Polish passport, writes Leslie Coliti in political pass procedured in 1986.

be liable to prosecution.

East European countries as a mere fact of refusing to come back."

The country legally since 1980 and refused to return would not be prosecuted if they visited Poland or came back for good with a newly issued Polish passport, writes Leslie Coliti in may be deprived of their prosecution.

East European countries as a mere fact of refusing to come back."

Most Poles who decide to remain in the West leave the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the country as ordinary tourists. Learge numbers of Polish citizens and the citizenship rights of those who remain abroad illegally.

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Large numbers of Polish citizenship rights of those who are country as ordinary tourists.

Large numbers of Polish citizenship rights of those who are country as ordinary tourists.

Only to date and formally signing a offences," such as the refusal of State. But "in practice," it multilateral agreement with the soldiers, Polish diplomats and noted, the authorities had no

other officials to return would "legal grounds" to prosecute be liable to prosecution.

East European countries as a mere fact of refusing to come

### POLAND AND Britain have lines to Poland as part of the bringing payments arreas up Warsaw. signed a bilateral rescheduling latter's rehabilitation among to date and formally signing a offences." "special citizenship by the Council of refusal of State. But "in practice," it

agreement covering Polish debts which fell due in 1985, removing one obstacle to the resumption of new official UK national Monetary Fund. New credits. credits. credit was stopped after m
The accord was believed to law was declared in 1981.

Britain has indicated that it is ready to reopen official credit

### Diana Smith assesses the Portuguese coalition's efforts to get the country moving Government basks but economy languishes

PORTUGAL'S PRESIDENT is week strike has kept out-of-on holiday in the Algarve. So town buses off the roads in the on holiday in the Algarve. So town buses off the roads in the is the Prime Minister. Many morning and is keeping car-less members of the Administration Lisbon families at home. and Parliament are also reasting in the south or dozing in bucolic hideaways in the rural

— it can barely afford day trips to a suburban beach or picnics in a municipal park. A recent survey showed that only 23 per cent of the population will holiday away from home this year, even though life is a little easier thanks to falling inflation and

slowly-rising buying power. The tiny cut in petrol prices that followed an oil price and debt servicing windfall for the Government of at least \$1bu has put even more drivers in the traffic jamming the spec-tacular bridge over the Tagus at Lisbon bound for the long stretch of windswept beach south of the capital.

Although stuck in traffic, they agriculture. are relatively lucky. A six-

Workers at the nationalised interurban bus company, Rodoviaria Nacional, are striking centre or north.

The overwhelming majority
of the Portuguese people, however, is not visiting the Algarve
ever, is not visiting the Algarve
ever hand a few times of the State of the Stat

Like nearly every public sector corporation, Rodoviaria Nacional has financial problems. This has not prevented its staff from demanding heavy wage and fringe benefit increases to recover buying year's budget, power lost in the flerce austerity and depression of 1983-Purchasing power declined by 16 per cent in those two years—a painful blow for a population which earns the lowest wages in Europe but pays high prices for meat, fish, dairy product and vegetables largely because of the chronic inefficiency of Portuguese

Having declared itself bent on subjecting a cumbersome public sector to market pressures, the Government has just made available more than \$500m in assistance to nationalised transport and industrial companies.

consequences, Prof Anibal Cavaco Silva's Government has just made more than \$500m available in assistance to nationalised transport and industrial companies in this

Freer market forces promised by the Prime Minister and his highly confident Finance Minister, Mr Miguel Cadilhe, were set back somewhat by the latter's recent hasty imposition of a 67 per cent increase in minimum capital requirement for new private and foreign

on subjecting a cumbersome couple of dozen staff declared public sector to competitive an Es 700m (£3.25m) first year market pressures whatever the profit—barely Es 50m less consequences, Prof Anibal profit than the nationalised giant Banco Portugues do Atlantico with its \$1bn assets, 400 branches and several thousand staff.

The new banks, which have set up here following the relaxa-tion of legal curbs in 1984, were furious at what they considered favouritism towards nationalised banks. The Government, unused to being criticised other than by Parliament found itself under heavy fire from bankers and powerful private investors. Abrupt changes in the ground banks. This came a few weeks after Manufacturers Hanover sectors that hold Portugal's decisions accordingly. Having declared itself bent Trust, with one branch and a private purse-strings.

Businessmen last year had vociferously welcomed the centre-right Government headed by Prof Cavaco Silva, a skilled authoritative economic projec-tions and figures that it has had to correct several times since January, to meet its 1986 tar-get of a 10 per cent rise in

investment.
They consider Mr Cadilhe cut punishingly-high interest rates too little too late and that the administration only offered incentives to investors late in the

After Mr Cadilhe's minimum no outside praise. capital débàcle, accompanied by his peremptory statement that no more new banks will be authorised unless they offer investment in other areas, many private investors wonder about the Finance Ministry's understanding of the markets

r had where unemployment rose the slightly this year to about 12 neaded per cent of the labour force. skilled Generous EEC structural funds economist who is developing a and more comfortable debt strong populist political style.

But they have done little to rise from its dangerously-help a Government elected to indebted condition in 1982. The government complains when extraneous factors are given credit for a shift of the current account into a forecast surplus of \$800m this year. Mr Cadilhe admonished his fellow Finance Ministers over an EEC report that made the low dollar and oil prices Portuguese bene-factors—but as they say in Lisbon: This executive is so good at praising itself it needs

The population at large shares the Government's delight in itself: a recent poll gave 70 per cent approval to Prof Cavaco Silva, who once "I am never wrong and That is bad news for a country prawns on the Algarve.

### N-call by Pacific states

AUSTRALIA and New Zealand have joined 11 small South Facific island nations in agreeing to put pressure on France to stop nuclear tests in the region and end its hold over New Caledonia, Reuter reports from Suva.

The South Pacific Forum, which ended a four-day meeting yesterday, also told the US it ships.

The key issue at the conference was France's troubled territory of New Caledonia, A joint communique said the meeting agreed unanimously to press for its listing with the United Nations Decolorsation

The nuclear-free-zone treaty said: I am never wrong and rarely have doubts." The doubts it seems are left to investors—once they finish their sunbathing and grilled the treaty was too weak and not

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Mr Paul Voicker, the US Federal Reserve Board chairman (left), and Mr Karl Otto Poehl, the Bundesbank president, used the occasion of the funeral of former colleague Otmar Emmin-ger to meet for several hours to discuss the US desire for West Germany to stimulate its **North Cyprus** Turkish economy grows government

### **OVERSEAS NEWS**

### Israel and Egypt agree terms of arbitration for Taba

BY ANDREW WHITLEY IN JERUSALEM

ment, concluded in Cairo on sation to the fan Sunday after seven months of Burka victims. often tortuous negotiations, will be submitted to Israel's inner run Israel Radio, he referred cabinet for approval tomorrow. to "incitement" in the Egyptian But the document still lacks the names of the three international arbiters who will make up the five-person panel.
Detailed on-site mapping work
also remains to be completed.
"We have an arbitration
agreement with a hole in it," a senior Foreign Ministry then ex-official said yesterday. But he months. confirmed that, under heavy

year-old dispute. Israeli Government agreed to accept binding international arbitration on the tiny Taba sites in dispute.

region, at the head of the Gulf of Aqaba, which Israel held onto after its withdrawal from the Sinai Peninsula in April the demarcation of their honest line at 14 ofter region.

demanded the return of the Egyptian ambassador, with-drawn in 1982, and compensational lawyers drawn up by tion for victims of a shooting incident at Ras Burka in the Sinai last October.

Yestelev

Yesterday, Mr Yitzhak on any one name.

ISRAEL and Egypt have finally Shamir, the Foreign Minister reached agreement on the and Likud leader, indicated that terms of arbitration over the endorsement of the arbitration disputed Taba region, it was document by the inner cabinet announced in Jerusalem yester may not be automatic—despite ay. the fact that Egypt has now The draft arbitration agree- agreed to make direct compen-

> In an interview with the statemedia and alleged discrimina-tion against Israel by Egypt in the fields of trade and tourism. The Foreign Ministry official disclosed that arbitration will begin one month after the rati-

A six-stage procedure was American pressure, Israel and outlined, whereby the two sides Egypt had concluded the will initially submit written negotiating stage of their four-statements of their respective Lest January, the coalition which will be based in Geneva. Later, oral arguments will be heard, followed by visits to the

982. border line at 14 other points.
But the acceptance of arbitrathe Israeli official said. But tion was made conditional on most of these other disputed an overall improvement with re-lations with Egypt. Israel has The names of the neutral

### Assassination bid fails on prominent Beirut Christian

BY NORA BOUSTANY IN BERUT

A FORMER Christian com- Saadeh, moved swiftly to con-mander was shot and wounded tain the turbulence in the in an early morning ambush yesterday following daylong battles in East Beirut and an inconclusive revolt in Christian militia ranks.

The convoy of Fuad Abu Nader, a Phalange Party polit-buro member and nephew of Lebanese President Amin Lebanese President Amin Gemayel, fell into a trap set up by gunmen as he made his way back from an overnight meeting of a crisis commuttee called to mediate a truce among warring Christian militiamen, one of his aides said.

The outbreak of lighting the worst since a January 15 uprising toppled Syrian-backed

The outbreak of fighting the worst since a January 15 uprising toppled Syrian-backed Christian militia commander Mr Elie Hobeika reflected discontent among certain militia groups with a reorganisation carried out by Mr Samir Geagea, Mr Geagea became the commander of the Lebanese Forces after a Syrian-brokered collapsed and Hobeika was forced into exile. Militia spokesmen explained that the displeasure with Mr Geagea's style of leadership resulted from his favouritism towards his followers from northern Lebanon. "The old crew felt it was set aside and that Mr Geagea's men were profiting by being appointed to key posts and jobs," one

militia source said. K The Phalange Party, led by

lost role as a moderating force. Health Minister Joseph al Hashem brushed aside speculation that Syria or Mr Hobeika had masterminded the latest turnoil when he emerged from an urgent meeting of the Phalange Party politburo. Mr

of the minority Christian community. Mr Saadeh, himself from the northern district of Batroun, enjoys good ties with Mr Geagea and with President Amil Gemayel and his

Abu Nader's inclusion in a crisis committee to negotiate an end to the fighting brought him back into the limelight after a year and a half of oblivion. A revolt staged by Mr Geagea and other hardliners—the Lebanese forces on March 12 last year reduced Abu Nader from militia commender to a minor player.

The assassination bid against him yesterday could have been a counterstrike or the work of elements seeking to exploit surobserver said in East Beirut.

### **Treaty brings China** and Soviet Union closer

BY ROBERT THOMSON IN PEKING

golia, which is regarded by dip-lomats here as a part-satellite and part-puppet of Moscow.

The agreement at the week-end follows the Vladivostok velvet glove extended by Mr Mikhail Garbachev, the Soviet leader, who said during a visit to the Soviet port two weeks ago that Moscow could withdraw a "substantial part" of its troops on the Sino-Mongolian

China and Mongolia had not

to friendship than his precessors, but they are not quite sure whether it is a public relations job or a genuine attempt to im-

its foreign policy problems so that it can concentrate on domestic policy, so they con-sider better ties are not the But base motive for the recent over-

But China's Foreign Ministry says it is studying the Viadi-vostok speech and has "taken note" of the proposal to reduce troop numbers in Mongolia. However, the ministry stresses that "three obstacles" to rela-

CHINA and the Soviet Union tions remain to be scaled: have edged a little closer in their cautious courtship following the signing of a consular the mass of Soviet troops on treaty between Peking and Montreaty and Montre the Chinese border; and the Soviet invasion of Afghanistan. The Chinese regard the first obstacle as the most important and the last as the least

significant.
China and the Soviet Union fell out just over 25 years ago because of profound political and military differences. The breakdown was highlighted by the removal of Soviet advisers in China and an increase in border tension that resulted in fighting in 1969.

Interestingly, some Soviet

China and Mongolia had not had a consular treaty since establishing relations in 1949, the year Communist rule began here, and diplomats are certain that the signing ceremony in the Mongolian capital of Ulan Bator was used by Chinese officials to test the depth of Soviet sincerity.

Peking has still to make up its mind on Gorbachev's recent speech and his long-term intentions. Certainly, the Chinese have found him more inclined to friendship than his precessors, but they are not quite sure whether it is a public relations Interestingly, some Soviet advisers have returned here in

time is not ripe for a top-level meeting and it considers that the Soviet Union should have canness officials have indicated to diplomats that they consider Moscow is trying to defuse summit proposal which its foreign realism and the summit proposal which is the summit proposal whi mats think was as much aimed

at annoying the US as courting from Bahrain. But China is curious about Moscow's move to give way on the disputed Amur River, which forms a 194 kilometre segment of the Sino-Soviet border. Mr Gorbachev said that the border "could pass along the main channel" of the Amur, a posi-

pushing in recent years.

### Botha rallies the party faithful before the siege

Anthony Robinson reports on a National Party congress

SOUTH AFRICA'S National Party which has ruled the coun-try without interruption since 1948 gathers in Durban this In the weeks and months which followed the Rubicon evening for a special federal congress to rally the party speech South Africa paid a high faithful as the country girds price for Mr Borha's brutal itself to face sanctions and international isolation. on the rand which two weeks The congress takes place later led to temporary closure almost a year to the day after of the Johannesburg stock exchange and the foreign exchange market, followed by a President P. W. Botha's ill-fated "crossing the Rubicon of

apartheid" speech to the Natal congress of the party in the same Durban venue on August 15 last year. That speech was preceded by a large scale public relations exercise which led domestic and foreign sation to the families of the Ras audiences to expect dramatic changes in government policy. Instead, President Botha wagged his finger at the world and, rather than unveiling the expected list of radical reforms, limited himself to the message fication by both countries of the draft legal agreement. It is then expected to last about 18 that reforms would take place not in response to external pressure or black radicals but at the Government's own speed and direction.

> has heard many times since, Mr Botha declared: "I am not prepared to lead white South Africans and other minority groups on the road to abdica-tion or suicide." equent events indicate party sources have taken the

In a phrase which the world

that the "Rubicon speech" honestly revealed the basic underlying attitudes of South now is the time to consolidate black participation in decision. Mr Botha has hinted at lished order, Africa's Afrikaner leadership, and press on with the Govern-making, while denying the government willingness to It was ag

The sale of one of the last sizeable Canadian investments in South Africa is now thought likely, reports Robert Gibbens from Montreal. Canada's nickel-producing Falconbridge is expected to sell its 25 per cent stake in Western Platinum, the major shareholder of which is Lonrho with 50.44 per cent.

Western Platinum operates at the Republic's famous Bushveld Igneous complex in the Transvall. This year the company aims to lift mine output of platinum group metals to some 270,000 ounces, a substantial figure by world standards. In London yesterday, the platinum price surged ahead \$42 to more than \$544 an ounce.

The effect on international opinion was so strong, magnified by the timing in the very middle of the northern hemisphere When Mr Botha first announced his intention to call a federal summer season where other news is traditionally thin, that congress nearly six months ago the hope was that the focal point the Government has not been able subsequently to gain what of the meeting would be broad discussion on a key element of it believes is due recognition for the string of apartheid reforms which it did in fact introduce in his January speech at the open-ing of parliament—the proposed national statutory council. The council, to be chaired by Mr Botha himself, was billed as a the months after the "Rubicon speech" and which might have means to give blacks "access to power at the highest level" and the last few months have seen continuing efforts to persuade It was an error of judgment mined not to repeat this time round. In the weeks leading up to this year's federal congress

and other black leaders to join. Once again, however, the Government's attempts create a mechanism for indirect apartheid legislation.

ment's already announced legis- franchise to the black majority lative programme, not for and refusing demands for the dramatic announcements. This release of Mr Nelson Mandela leaders of the banned African National Congress, have fallen

on barren ground.
Unable or unwilling to meet the demands of moderate home-land leaders like Chief Gatsha proposed national statutory council bill would be thrashed out by all sides and ready for debate at the congress have fallen flat. At the same time there is also little chance of Mr Botha being able to announce leaders of the six non-substantial changes to the independent black homelands Group Areas Act and separate Amenities Act which, together to tion Act, remain key areas of which the Government relies

Buthelezi of Kwazulu, the rise in support for parties original hope that details of the further to the right than the

Group Areas Act, which he recently said was no longer re-garded as "a sacred cow," but the subject is under investigation by the President's Council. In the absence of new policy initiatives the style and tone of Mr Botha's speech and the sub-

sequent five set piece debates on the economy, the security constitutional developments, foreign affairs and what is termed "group security" will be important. In addition to growing inter-national pressure on South Africa, the rising tide of violence in the black townships and increasing terrorist activity —especially landmines in deeply conservative rural areas and the spate of bombings in supermarkets, led to a worrying national party.

The failure of the police to prevent the para-military Afrikaner Weerstandsbewging (AWB) breaking up a political meeting held by Mr Pik Botha, Foreign Minister, in Pietersburg three months ago indicated that the rot had also spread to the security forces upon to maintain the estab-It was against this back- and economic reforms.

the right by re-introducing an even tougher state of emergency, bombing alleged ANC bases in three neighbouring countires and demonstratingto the Commonwealth Eminent Persons Group (EPG) and Sir Geoffrey Howe, British Foreign Secretary, in particular—that the South African Government was in no mood to take lessons from abroad

and the second s

In the past this has been the kind of stance which has helped to win elections and rally whites — including many English speakers—around the fatherland-in-danger slogan. In principal, the Government does not have to hold elections until 1989 and only a major split in the party could undermine its present strong parliamentary majority. On present form Mr Botha is still very much the man in charge and shows no sign of relinquishing his position. But he has turned 70 and carries heavy burdens as state president under the present Gaullist-style constitution.

One of the most important considerations in Durban this week could well be to gauge the mood of the party and assess whether the time is ripe for an earlier general election to strengthen the loager while adapting the economy to siege conditions and seeking to

### Saudis likely to increase output before Opec curbs take effect

BY RICHARD JOHNS

barrels a day and possibly as much as 6.4m b/d, a level which will add significantly to the surplus on the oil market.
Failure to restrain such a rate is likely to increase considerably the glut and depress prices by the beginning of next month when the Organisation

SAUDI ARABIAN oil produc-tion this month is projected by tries' interim accord on quotas major oil companies as likely comes into force addition to nethe to run at a rate of at least 6.2m Customers are still anxious whereby prices are to benefit from discounts of 50 cents to \$1.15 per barrel, depending on the volumes involved. The discounts were involved. The discounts were offered from the beginning of May to boost exports but last week the Saudi Ministry of Oil gave notice that the incention

partial moratorium on \$14bn of

the total \$24bn foreign debt and

re-introduction of the two-tier

produced a very different reac-tion had they been announced

opposite tack and have been

quietly spreading the word that

as expected on August 15.

rand system.

The discounts were given in addition to netback terms, whereby prices are related to actual market realisation for petroleum products, less the costs of transportation and

gave notice that the incentive the neutral zone shared with will be withdrawn from the Kuwait — are based on tanker

Saudi Government.

nominations by customers who have agreed berthing and lift-sabah, its Minister of Oil, said ing arrangements with the it would reach a rate of 1.72m conse it would reach a rate of 1.72m b/d, but efforts would be made

Kuwait's output is also ing its success in establishing back terms to prices related to expected to be higher. Last new market outlets in the Far those of Oman.

Qatar alone among the four conservative Arab producing states of the Gulf is cutting A rate of 6.2-6.4m b/d would to reduce it to below 16m b/d, but efforts would be made a compare with actual production. The four were to reduce it to below 16m b/d, production, The four were to reduce it to below 16m b/d, production, The four were mainly responsible for the surge in Opec output last month and a quota under Opec's neutral zone).

Kuwait, though, will be surge in Opec output last month to move to limit the flow of oil.

Kuwait, though, will be surge in Opec output last month to move to limit the flow of oil.

Kuwait to risk any goodwill or surger in establishing.

### Israel attacks bases near Baalbeck By Andrew Whitley in Jerusalem ISRAELI warplanes yester-

day attacked Palestinian bases in the Syrian-controlled Beka'a region of Lebanon for the first time in nearly a year, confronting Syrian

It was the second day in succession that Israeli fighters and helicopter gunships had been in action in Lebanon against Palestinian targets, indicating a stepping-up of Israel's long-standing policy of severe reprisals for guerrilla attacks. On Sunday the targets were

said to be "terrorist sites" in refugee camps outside Sidon controlled by Mr Yassir Arafat's Fatah organisation Yesterday it was the turn of the Abu Musa group, a breakaway from Fatah responsible for a number of recent terrorist incidents in Israel and abroad.

A spokesman for the Israeli Defence Forces said no Syrian missiles had been fired yesterday at the Israeli fighters, which hit ammuni-tion and weapons dumps at two positions west of the town of Baalbeck. All the aircraft were said to have returned

The spokesman said the The spokesman said the raid was not intended as any sort of political message to the Syrians. Israel, he said, had already made clear to Syria through diplomatic channels that it had no intention of escalating the confrontation between the two countries.

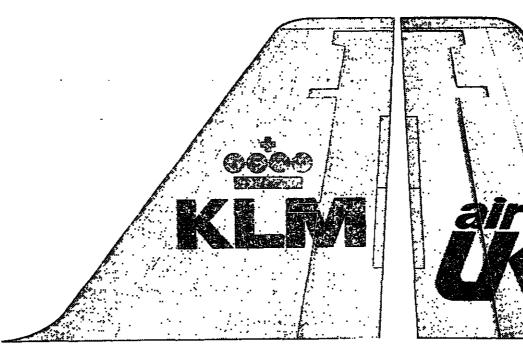
But he confirmed that it was the first time Israeli alreraft had attacked targets in erart had attacked targets me what was described as the hostile environment of the Beka'a Valley since the withdrawal of mobile missile batteries which the Syrians introduced into the region last December.

The timing of the attack was said to have been dictated purely by the availability of accurate intelligence informa-tion and "optimal operational conditions." While Katyusha rocket attacks have been launched against northern Israel over the past few days, no large-scale guerrilla attack has taken place.

### Supertanker set ablaze in Gulf

Greek-registered supertanker was set ablaze by an Iranian helicopter attack in the southern Gulf yesterday. only moments after it had been intercepted by an Iranian patrol boat, shipping sources said, Reuter reports

The 357,000-deadweight-tonne Olympia Spirit, carry-ing a full cargo of Saudi Arabian crude oil, was first interrogated over radio by the patrol south-east of Iran's Abu Musa island. Five minutes later the hellcopter launched its attack. casualties were reported.





### There is one airline that uses Schiphol morethan wedo.

You may be surprised by this modest statement. But it's a fact: Only the Dutch airlines have more flights in

Here's another fact that may surprise you: British Airways is the only British airline to carry more scheduled passengers than Air UK between regional airports throughout the UK and Europe.

> Air UK is the largest scheduled user of Stansted Airport.

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# Senate tries to clear key issues before recess

BY REGINALD DALE, US EDITOR, IN WASHINGTON

bludgeon itself into voting on two intensely controversial issues—South African sanctions and aid to Nicaragua's Contra rebels-before the end of the

The short time left before the recess is an invitation to opponents of both measures to use stalling tactics to delay voting until after Congress re-

the obstructionists under control, they will simply have to go on talking through their holidays until they do.

The scheme provides for discussion of both South Africa and Nicaragua, culminating in votes to cut off debate on both issues tomorrow. That means at least some members of each party will have to vote to muzzle their own colleagues.

muzzle their own colleagues.

If the so-called closure motions succeed, final votes on both measures will be taken on Friday. If not debate goes on. If one motion succeeds and not the other, the whole deal is off. have to be sent back to both The arrangement's aim is to chambers for final approval.

WITH CONGRESS increasingly break the "legislative gridlock" frantic to get away on holiday, that often develops at the end the US Senate is attempting to of congressional sessions. Apart from South Africa and Nicaragua, the Senate has still to vote on the nomination of two Supreme Court justices and work out an extension of the national debt limit with the House of Representatives.

The House also faces three days of debate on the 1987
Defence Spending Bill, which
the Senate finished only at the
weekend, complete with a voting until after Congress reconvenes on September 8.

While a group of Democrats
has threatened to filibuster the
\$100m (£67.9m) aid package for
the Contras, individual Republicans, such as arch-conservative
Senator Jesse Helms, have
threatened to deploy similar
devices against South African
sanctions.

\*\*He Senate finished only at the
weekend, complete with a
laundry list of controversial
amendments. Among them are
intercontinental missile,
the B1 bomber and President
Ronald Reagan's Strategic
Defence Initiative.

Arms control advocates will
also try to block spending on

Arms control advocates will also try to block spending on nuclear weapons that would take the US beyond the limits sanctions.

Party leaders have now wheeled out a cumbersome procedural contraption designed to hit where it hurts if necessary. If the senators cannot bring the obstructionists under contractionists under contractionists

Senate approved last week. Meanwhile, a House/Senat conference hopes to complete its arduous negotiations on a sweeping reform of the US tax system by the end of the week. But with the conference now turning to the sharply disputed issue of corporate taxes, the negotiations could still get bogged down. Even if a final package is agreed, it would still

### **Argentine devaluation**

BY TIM COONE IN BUENOS AIRES THE ARGENTINE Government interest rates are still below the

yesterday devalued the Austral monthly rate of inflation, which by 3.22 per cent and raised interest rates in response to last week's announcement of the highest monthly inflation rate figures for over a year.

The devaluation points to a change in heart by the Economy Ministry. Last Saturday Dr Jose Luis Machinea, Deputy Economy Ministry and August 1 and 1 and

valued at 0.96 US cents and base interest rate was "the only rates on 30-day deposits have measure we can take in the increased from 4.2 per cent to short term" to ease inflationary 5.5 per cent a month—the highest since the introduction ruled out any sudden devaluaof the anti-inflation Austral tion but said the series of mini plan in June last year. But devaluations would continue.

figures for over a year.

The Austral is now officially Minister, said an increase in the

# Murdoch works to realise a US television dream

is creating a launching pad to

The US authorities have no hard and fast definition of what constitutes a network. The Federal Communications Com-mission, which regulates broad-Federal Communications Commission, which regulates broadcasting and keeps a particular eye out for monopolistic practices, licences only individual stations and guards against exclusive territorial activity.

Networks are recognicad in stations beaming into some of the most populous markets in the country—New York, Los Angeles, Chicago, Washington, Dallas and Houston. Mr Murdoch then took American citzenship in order to fulfil the legal requirements for owning Networks are recognised in

its literature simply as organi-sations which broadcast regu-larly for a "substantial part of supply to stations which it two years. Some of these belong to substantial established groups which agree to take them.

Second, it has to have a large number of outlets spread widely Moines. Altogether, Fox claims across the country to give it national reach. And third, it has to be able to attract advertished.

media broadcasting group.

Fox meant access to a film library, new films and programming facilities. Metromedia brought in six TV stations beaming into some of the most parallele markets in

nd running the stations. Another part of the jigsaw has been steadily pieced together in the five months since the Metromedia deal was larly for a "substantial part of each broadcast day to television stations in all parts of the US."

In practice though, it is fairly clear what a network must offer.

First, it has to have access to programmes which it can supply to stations which it to years. Some of these belong the substantial established groups.

national reach. And third, it coverage.

has to be able to attract advertisers by convincing them that the programmes it is producing which have around 200 stations will deliver the national audience which the advertisers some way to go. But the new party taken clearly taken rant. agreements have clearly taken
The core of Mr Murdoch's the company a giant leap for-

reports on moves by Australian-born publisher Rupert Murdoch (right) to create the basis of a US television

essential The next big challenge for Fox will be to demonstrate that it can hold an audience against

the networks. As a first step in this campaign, it is launch-ing a late-night chat show in October to be hosted by Joan Rivers, the acerbic, sometimes iconoclastic, and deliberately vulgar comedienne who loves

Terry Dodsworth network to rival the country's big national broadcasting groups

> work is limited, although cost may be another matter. The show will be broadcast by satellite at 11.00 pm for an hour from Monday to Friday, timing which pitches it against local news and similar network shows. Putting up entertainment against news is regarded as a strong "counter-program-

estimates that, at the turn of the century, supply will need to reach some 104,000 Mw.

Part of the problem could be

solved if the Government could

bring the immense generating potential of the Itaipu Dam in

the south-west on stream. At present only four of the plant's potential 18 turbines are work-

In June the World Bonk agreed a \$500m loan for new works. Two-thirds of this has

been allocated to set up distri-

bution systems while the remainder will be used for new

affinate stations are committed to taking all it produces. Two hours of these programmes are expected to be in prime-time viewing on Saturdays, and three hours on Sundays, including situation comedies, drama and movies. About \$150m, it says, has been committed to these developments.

developments.

One item is, of course, glaringly missing from this master plan—there is no indication as yet what Mr Murdoch intends to do about news. Although

FOR YEARS, US broadcasting entrepreneurs have dreamt of establishing a fourth television network, an organisation to compete with the likes of CBS, NBC and ABC. Mr Rupert Murdoch, the Australian-born publisher, is now dreaming the same dream, and bit by bit he is creating a launching pad to separate stations owned by the Metro-media broadcasting proposed network was established in the two opportunistic they appear to have carried it above a magic figure for advertisers—for claims that it can now reach nearly 80 per cent of the nation's 85.9m households with television sets, against the publisher, is now dreaming the same dream, and bit by bit he is creating a launching pad to they point to pick fun at such tame targets as British Royalty (Prince as British Royalty (Prince as British Royalty (Prince as British Royalty (Prince tissers—for claims that it can now reach nearly 80 per cent of dumb).

Ms Rivers is a well-established star, so the risk in using the sations owned by the Metro-metal to proposed network was established in the two opportunistic acquisitions finalised over the tissers—for claims that it can now reach nearly 80 per cent of the nation's 85.9m households with television sets, against the publisher, is now dreaming the sations owned by the Metro-metal transmitting ten hours a well-established star, so the risk in using the heavy broad, nation-metal transmitting to proposed network news as British Royalty (Prince In the old days, the networks held the key to broad, nationwide and international coverage, because of the heavy resources such news gathering entailed. Today, local stations can more easily buy in news can more terms themsolves reach out to international coverage using their own developments.

One item is, of course, glaringly missing from this master plan—there is no indication as yet what Mr Murdoch intends to do about news. Although the Press may exaggerate the importance of the news element to the networks, there is no denying that it is in many ways the primary focus of the big broadcasting groups. The news anchormen, more than anything or anyone else, create the special identity of the networks, and their popularity ratings with the US public are among the most closely watched figures in a nation drunk with statistics.

Mr Scott Sassa, the 27-year-old vice president of network management, says simply that Fox has "no plans for news as of now." Some analysts have suggested that the company may run for some time, or indefinitely, without news at all. They argue that the biggest need of the independent stations is for strong general hari

### Brazil faces energy crisis as demand booms

BY IVO DAWNAY IN RIO DE JANEIRO

to force rationing on the coun-try's industrial and agricultural heartland next month.

Surging demand in Sao 1982 or Paulo's booming industrial belt, crisis. combined with low hydro-electric Thi tricity generation levels brought by droughts in the south, have combined to exacerbate already acute strains on the power net-

The region accounts for some 60 per cent of total Brazilian demand on a national capacity of 41,560 megawatts.

After weeks of public warnings, Mr Mario Bhering, president of the state holding com-pany, Electrobras, concluded last week that rationing was now inevitable from September until November. "The situation is about to explode," he said. Electricity demand in Brazil

BRAZIL IS facing a severe has been running dangerously energy crisis that looks certain close to its maximum capacity for many years but the brake on the economy brought about by the foreign debt crisis of 1982 delayed the long expected

> This year, the consumer boom brought about by the February economic adjustment programme and the low water levels at key hydro-electricity plants are set to overload the system. To add to Electrobras's problems, the country's sole working nuclear power plant at Angra, about 150 km south of Rio de Janeiro, is out of action.

The Angra 1 pressurised water reactor, supplying about 5 per cent of the southern region's demand, closed for temporary repairs and refuelling in January. But the Chergoal by the end of 1989 is to nobyl disaster in the Soviet lift capacity by some 32.5 per Union, provoked a local judge cent to 57,500 Mw. Electrobras

to ban the reopening of the plant until a programme for emergency evacuation of the region has been drawn up. As the growth in demand has surged, power technicians have n forced to bring on stream

oil fired plants at an estimated annual cost of some Cz 3bn (\$22m). Even this will not be enough to meet needs as technicians now estimate the energy deficit at some 1.5m to 2m Scientists now complain that the Government has badly

demand. A report in June showing likely growth of about 6.5 per cent a year represents only half the real figure, they claim. Under the Government's recently-amounced plan, the goal by the end of 1989 is to lift capacity by some 32.5 per

underestimated the growth in

generating capacity. Electrobras is also nego-tiating loans with the World Bank and the Inter-American Development Bank to try to raise its investment budget. However, the state company is heavily burdened by debt

### Reagan considers tougher embargo against Cuba

BY OUR US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan is Government-sponsored considering a plan to toughen the US economic embargo on early 1960s.

Mr Larry Seakes, the presidential spokesman, said a further tightening of the bargo by obtaining US goods embargo would be "the next through front organisations in step" following the breakdown foreign countries, and that the in Mexico City last month.

station, Radio Marti. The proposed rules would Cuba to try to prod Havana limit payments to Cuba by into releasing long-term political prisoners, the White US, an idea some US officials House confirmed yesterday. The embargo dates from the payments for relatives withing to leave the island.

of talks on immigration issues rules would try to curb such between US and Chan officials activities.

in Mexico City last month.

Washington had hoped the talks would reinstate a 1984 immigration agreement which Havana this month to accelerate the suspended last year in retaliation processing of current and formalist havanages to the same time, the US has told Cuba it would like to send officials to Havana laster that the same time, the US has told Cuba it would like to send officials to the control of the control of the current and the control of the current and the control of the current and the current tion against broadcasts to the former political prisoners who Cuben population by a US want to emigrate to the US.

### **WORLD TRADE NEWS**

### Pasta proves a sticky problem

properly commence.
But as the full text of the weekend agreement between Mr Clayton Yeutter, the US Trade Representative and Mr Willy de Clercq, the EEC External Relations Commissioner, emerged yesterday it became clear that the sticky weight inducing substance is set to entangle trans-atlantic trade relations for some time to come.

The accord between Mr Yeutter and Mr de Clercq, which still has to be ratified by EEC member states, certainly represents an historic break-through. It provides for the unscrambling of various retali-atory moves taken on both sides when the dispute was stepped up last November, and it com-mits both parties to some signi-ficant measures to liberalise trade between the two blocs, notably through easing access to European markets for US citrus producers and opening up more opportunities for (among other products) EEC cheeses, olives

been a colourful catch phrase for a disagreement which originally stemmed from

failed to impress one simple

point on Taipei: fairness, rather than parity, makes the trading world go round.

Patience in the US has given

way to threats of harsh penal-

and scant evidence of good faith on the Taiwanese side

that would allow it to forgo

President Ronald Reagan was

oranges, fresh lemons, grape-fruits, tangerines etc).

The issue came to a head during last year's negotiations for the entry of Spain and Portugal to the Community, under the terms of which the various Mediterranean agree-ments were renegotiated. It was only to show its

Tim Dickson reports on the issues still to be resolved in a transatlantic trade dispute

displeasure with the citrus situation that the US last November decided to raise its import duties on EEC pasta, a move to which the Community immediately responded by imposing heavier penalties on US walnuts and fresh lemons. Ironically, though, the pasta problem which latterly at any rate gave its name to the dispute, is the one issue which still remains largely unresolved.

"Pasta war" has always here, a colourful catch phrase has a colour by 85 per cent over the same period.

DIPLOMATS, trade officials and even one or two journalists have for some days now been willing the EEC and the US to settle their so called "pasta war" so that the traditionally inactive "silly season" in Brussels could properly commence.

American complaints that the and more serious spiral of rement includes "further taliation which encouraged both with Mediterranean countries sides this weekend to come to a compromise after several weeks compromise after several weeks of tense negotiations. "The next scenario could have been a exports to Europe (fresh sweet properly commence.

Significantly, the US commitment includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export so these agreements whole lot bloodier," a US official or the use of the countries which the use of the countries where the additional protocols to these agreements and more serious spiral of rement includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export so these agreements and more serious spiral of rement includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export so the serious spiral of rement includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export so the serious spiral of rement includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export so the serious spiral of rement includes "further preferences the EEC is prepared to grant to (Mediterranean) of tense negotiations. "The next scenario could have been a export spiral of the serious spiral of said yesterday in an oblique reference to an earlier American promise to step up its action if a successful outcome was not

> Community officials said that from their point of view the main concessions made by the US concerned tariffs on EEC cheese, olives, olive oil and paprika. They estimate that the cheese liberalisation measures. expected for October or early November, could represent \$10m of extra Community

Analysing the various tariff reductions on the range of products brought into the agree-ment, however, was described by a Commission spokesman last night as "trying to com-pare apples and pears."

A key element in the Yeutter/ de Clercq outline agreement is an express US commitment not to challenge the EEC's Mediterranean agreements under the General Agreement on Tariffs and Trade and not to ask for additional claims in return by 85 per cent over the same for the preferential treatment on various products conceded by the Community

not prepared to take in earlier

if a successful outcome was not reached by the beginning of the month and the well publicised willingness of the EEC to respond with counter-measures.

Some tough talking yet remains, however, on pasta. Last year's extra duties on EEC pasta and the subsequent increased tariffs on US walnuts and lemons will be removed as part of the deal but the difficult question of EEC "refunds" or subsidies for pasta exports has not been resolved.

The Yeutter/de Clercq state-ment this weekend referred to " a modus operandi for reaching a prompt and mutually satis-factory solution" but this form of words disguises the gap between the two sides.

The basic problem is that the size of the Community subsidy has increased as a proportion of the pasta price, both because of currency movements and a of currency movements and a fall in the cost of the main raw material. Spurred on by the pleadings of the US pasta lobby, the Americans have been demanding a cut in the EEC pasta "refund" — a concession which with the Italians particularly in mind has not been stratted by the Community granted by the Community.



Commissioner de Clerco

July 1 1987 either party can terminate the agreement. There are, meanwhile, one or two EEC political hurdles to jump. Representatives of mem-ber states were being briefed on the details of the agreement last night and will have to decide whether to push ahead quickly with dismantling last November's barriers — some-thing which could be achieved without the formal agreement of Ministers through the so-called "written procedure." The entire text of the accord, however, will need to be approved by next month's meeting of foreign affairs ministers in Brussels—something which is not necessarily a foregoing conclusion.

a foregone conclusion. Citrus producing countries like Spain and Portugal will be The two sides, however, have given themselves almost 12 end package for evidence that months to find a solution. If the Commission has exceeded they are not successful by its negotiating brief.

### surplus at record monthly high

By Ian Rodger in Tokyo

JAPAN'S TRADE surplus hit a record monthly high of \$8.22bn (£5.6bn) in July, according to preliminary figures published by the Ministry of Finance. The volume of exports, however, declined for the fifth successive month, suggesting that the rising yen has been having a significant impact.

impact on exports. The volume index in July was 1.1 per cent lower than in July 1985. These figures, which are on

a customs clearance basis and are not seasonally adjusted, are often subjected to considerable revision, but are usually reliable indicators of trends.

The value of exports in

The value of exports in dollar terms rose to a record \$12.37bm in July, 23.4 per cent higher than in July 1985, while the value of imports, on a cif basis, was down 0.4 per cent to \$10.65bm.

Exports to the US were up 28.5 per cent to \$7.5 bm or the

28.5 per cent to \$7.5 m on the strength of shipments of office equipment, semiconductors and cars. Imports from the US jumped 39 per cent to \$2.9bn,

Sudan and Libya sign trade agreement By John Murray Brown in Khartour

SUDAN and Libya have signed a \$60m trade agree-ment, Sudanese Commerce ment, Sudanese Commerce
Minister Mr Abu Harira
announced yesterday.

The agreement concluded
during the recent visit of
Sudan's Prime Minister Mr
Sadiq el Mahdi to Libya
comes amid increased speculation that a similar trade
deal with Egypt has come
matter. austuck. Earlier reports that the

### Japan trade | GM and Suzuki near to concluding deal on Canadian factory . Enfi

BY JOHN GRIFFITHS

to announce later this mouth that they will build jointly a C\$650m (£316m) plant in jected, with a workforce of just 200,000 or more small cars a year.

One of the last obstacles to the venture, which has been under negotiation for well over a year between Suzuki and outskirts of Toronto.

a year between Suzuki and General Motors of Canada has been resolved in the form of an agreement between Canada and Japan under which Japanese manufacturers are to be allowed to ship an extra 36,000 cars to Canada in the 36,000 cars to Canada in the year ending next March.
Just under half the extra allocation is to go to Suzuki. This will lift its imports to around 20,000 this year, compared with 3,000 last year.
The import agreement, made at official level, has yet to be ratified by each country's cabinet. But this is expected to be a formality.

to be a formality.

GENERAL MOTORS and but with significant local con-Suzuki of Japan are expected tent. Production is likely to to announce later this month start in 1988-89, Annual capacity

Br. Carrie

State of the state

والمتعارض فأفيتوالي

TV:

Sparition of the

outskirts of Toronto. Of three potential sites understood to have been under con-sideration, the favourite is now thought to be Ingersoll, a few miles from Toronto.

The increase in Japanese car imports will lift their Canadian imports will lift their Canadian market share by about 3 per cent, to about 21 per cent.

Toyota and Honda, who are setting up their own assembly plants in Canada, are to share 11,000 of the extra allocation, with the remainder divided between five other Japanese manufacturers.

cabinet. But this is expected to be a formality.

The extra cars represent a 17 per cent increase over the 204,000 Japanese cars admitted last year under Japanese Canadian "voluntary" restraint arrangements.

Neither GM nor Suzuki, in which GM has a 5.3 per cent stake, so far have provided formally any details on the plant, its likely location or products.

However, it is expected that the venture will produce a small car based on an Isuzu design, The GM-Suzuki venture is

### Foreign groups targeted in US sanctions bill

BY NANCY DUNNE IN WASHINGTON

The legislation contains presidential authority to retaliate against any foreign company seeking to profit from US sanc-

Under the bill, unfair trade cases could be brought against those companies which do not comply with US restrictions. If the International Trade Commission finds that foreign commission finds that foreign com-

senate floor.

SENATE republicans seeking sanctions against South Africa those companies under Section 301 of US trade law.

The sanctions legislation approved by the Senate foreign relations committee would han the import restrictions against those companies under Section 301 of US trade law. relations committee would have the import of uranium, coal and steel, revoke landing rights for South African Airways, has new loans to the South African Government and limit visas to South African

South Africa.

Restrictions, imposed last year by President Reagan and expec-ted to be renewed, banned exports of computers or related mission finds that foreign companies have violated the sanctions, the President can then saled on the Senate floor softwear to South African

forced to show that stick a week ago when he invoked a

wielding the big stick.

US patience with Taiwan's tion tables rather than the trading practices appears to be running out. Years of favourable treatment by the US have maintains that such a table inflates the price of imported goods, making them non-competitive in the Taiwan market.

Taiwan also fared less well than South Korea and Hong Kong in recent bilateral talks ties as the Reagan Administra-tion, a strong ideological sup-porter of the island, finds itself faced with increasing protectionist sentiment at home on textiles. US officials said Taiwan was permitted export growth rate below those of the other major Asian producers because of Taipei's high import

because of Taipei's high import tariffs on US textiles. The agreement with Taiwan will allow only a 0.5 per cent growth a year for the three years to 1988 of Taiwan textile exports to the US.

True, Taiwan has pledged from time to time to cut tariffs on various items as a way to reduce the continuing high week ago when he invoked a section against Taiwan after Taipei allowed a July 1 deadline to pass for implementation of trade measures agreed almost eight vears ago.

True, Taiwan to time to cut tariffs to one-hair the products in Taiwan of substantive progress towards trade liberalisation.

True, Taiwan from time to time to cut tariffs to one-hair the products in Taiwan of substantive progress towards trade liberalisation.

True, Taiwan a character of substantive progress towards trade liberalisation.

President Reagan thought he avestige of what might have been gained if Taiwan had last year when the Taiwanese initially adopted a different authorities, over the objections

BY ROBERT KING IN TAIPEI tariff reductions so small as to be meaningless.

Washington waves the big stick at Taipei over trade

The surplus has become a rallying point among US Congressmen confronting voters who perceive that American jobs are being lost to inexpensive imports from developing countries.

Most visible among these countries are Taiwan itself, South Korea and Hong Kong. Taiwan is the most vulnerable politically because the country no longer enjoys full diplomatic relations with most major countries, including the US.

High tariffs and outright bans still protect Taiwan's industries in spite of the fact that Taiwan. He is suggesting that The surplus has become a

Taiwan maintains that these of the tobacco and wine Taiwan maintains that these measures are needed because it is still a developing nation.

What Taiwan, it seems, fails to understand, however, is the public relations potential of implementing proposals from such nations as the US which import thinge quantities of goods from Taiwan, often through American subsidiaries which originally went to Taiwan because of low of the tobacco and wine monopoly, the largest single source of government revenue, agreed to lift a long-standing ban on imports of American tobacco, wine and beer, the Taiwanese action in spite of the fact that the new imports would do little to reduce the subsidiaries which originally went to Taiwan because of the tobacco and wine monopoly, the largest single source of government revenue, agreed to lift a long-standing ban on imports of American tobacco, wine and beer, the Taiwanese action in spite of the fact that the new imports would do little to reduce the subsidiaries which originally agreed to lift a long-standing ban on imports of American tobacco, wine and beer, the Taiwanese action in spite of the fact that the new imports would do little to reduce the subsidiaries which originally agreed to lift a long-standing ban on imports of American tobacco, wine and beer.

Mr Reagan lavishly praised the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the fact that the new imports would do little to reduce the substitution of the f

gests a change in tariff American cigarettes are already structures or an improvement of available almost anywhere on access he is not demanding that Taiwan's industry cave in in Even in this case, Taiwan and Taiwan's industry cave in in this case, Taiwan managad to drop the public

went to Taiwan because of low wages and high productivity. citizens are not wine drinkers; US beers do not go down well with local drinkers; and When President Reagan sug-

He is suggesting that Taiwan makes the token gestures that would allow him to face the

Even in this case, Taiwan managed to drop the public relations ball by insisting that the US goods be marked up by something like 185 per cent.

Earlier reports that the \$160m agreement with Calvo had been cancelled were yesterday denied by one Commerce Ministry official. However it appears all exports to Egypt have been suspended.

"We want Egypt to make up a \$120m trade deficit by increasing its exports to Sudan," the official said. October had been set as a deadline for resolving the dispute.

# Sharp drop in industry's raw material costs

BRITISH INDUSTRYS fuel and raw-material costs fell sharply last month raising hopes that inflation might still slow down further. Fuel prices dropped by 6.3 per cent in July while other raw materi-

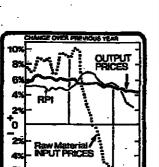
als also declined in price by 2.5 per cent, the Department of Trade and Industry said yesterday. That cut total input costs by 3.4 per cent in the mouth and left them 9.8 per cent lower than a year earlier.

Manufacturers have not passed those lower costs on to consumers, however, but have instead in-creased their profit margins and wage payments to their workers. Output prices of manufactured products rose by 0.1 per cent in July to stand 4.4 per cent higher than a year earlier, compared with 4.5 per cent in June.

The annual rise was the lowest 2.5 per cent in June.

prices. Because the index fell by 0.2 per cent.

per cent in July last year, however, prices would have to have fallen modities have benefited less from again to bring down the annual rate



manufacturers saw their raw-mate-

PRODUCER

PRICES

In some industries that depend for producers' output prices since heavily on oil-related products for the current series of statistics has their raw materials, the falls in inbeen compiled, but still stands well put costs have been even sharper. above the general rate of inflation The chemical industry's raw-materecorded by the Retail Price Index, rial costs in July were 19 per cent lower than a year earlier, while producers of artificial fibres had costs The July Retail Price Index is to 13 per cent lower. At the same time. be published on Friday, and many fibres manufacturers have been forecasters expect little change in able to raise product prices by 6.7

lower input prices. Car manufacturof inflation.

Much of the July fall in input
costs stemmed from cheaper oil and
petrol, but lower costs were also recorded for food materials. Food

were input prices. Or inflation:
ers, for example, had input prices
1.5 per cent higher in July than a
year earlier. They have, however,
succeeded in raising their own
prices by 7 per cent over the period.

### Shell 7p increase halts slide in petrol prices

petrol prices over the last few it was making losses on most of its months was reversed yesterday commercial and retail product sales when Shell added about 7p a gallon at present levels. to pump prices, to bring them to an

ed their intention to push prices higher. The increase comes exactly a week after Opec ministers agreed to cut oil production. That raised crude prices from under \$10 a bar- a gallon.

rel to about \$13.

THE STEADY downward drift in January had gone too far, and said

Other oil companies yesterday average of 164p.

Shell's move is likely to be matched today and comorrow by matched today and comorrow by the 7p increase stuck, a further rise other major oil companies, some of the 7p increase stuck, a further rise which have already clearly indicat- could be expected in the next few

Shell is aiming to stamp out retore prices uniformly to about 164p

I to about \$13.

That would mean large price However, Shell said the recent rises in areas of the UK where son for the increase. It complained 164p, companies will probably make

### **Paisley** denies threat to leadership

By Hugh Camegy in Belfast

THE REV Ian Paisley yesterday de-nied that his leadership of Northern Ireland's Democratic Unionist Party (DUP) was under threat and signalled his intention to accompany Mr Peter Robinson, his deputy, if he goes to the Irish Republic on Thursday to face criminal charges.

He added that if it was decided that Mr Robinson should go despite the security risk to Dundalk, a border town with a reputation as a stronghold of the Irish Republican Army, then other Protestants should follow. That prospect would confront the Irish police with a huge security problem.

Speaking to reporters immediate ly after returning from the US, Mr Paisley said the province was "at the doors" of civil war.

But he denied he had cut short his trip because of events at home. He said he always intended to be present at today's annual Appren-tice Boys parade in Londonderry, one of the main events of Northern ireland's summer "marching sea-

Questions have been raised about Mr Paisley's position after the prominent part played by Mr Rob-inson, MP for East Belfast, in an incursion into the Irish border town of Clontibret last week by hard-line Protestants intent on defending the mion with Britain.

With Mr Robinson at his side, Mr Paisley was clearly concerned to show that he was in charge. In familiar rhetoric, he repeatedly at-tacked the British and Irish govern-ments and called for the abandonment of the Anglo-Irish agreement, which gives the Republic a voice in Northern Ireland's affairs.

Mr Paisley reaffirmed his backing for the march into Clontibret, when Mr Robinson was arrested and subsequently charged with injuring two policemen, damaging a

# on course for September flotation

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE GOVERNMENT yesterday de- the Treasury calling for the flotafended its controversial decision to go ahead with the proposed stock market flotation of the TSB group, which comprises the assets of the

UK's four trustee savings banks. The proposed flotation, planned for next month, has come under increasing criticism since the House of Lords ruled this month that the assets of the banks belonged, until 1985, to the state.

Since the TSB White Paper (policy document) in 1984, the Treasury has claimed that the flotation does not represent a privatisation be-cause there is no clear owner of the banks. The Lords' decision provoked a wave of criticism from the Labour Party and from some TSB members, who said the Government was handing over to specula-tors the group's estimated £1bn in

The decision and the uncertainties arising from it have caused some embarrassment for the Government but yesterday Mr Ian Stewart, Economic Secretary to the Treasury, said the flotation would go ahead as planned.

the TSBs belonged to the Government. While it found that the banks and their assets belonged to the state, Mr Stewart emphasised that there was an important legal distinction between the Government, or the Crown, and the state. Mr Stewart said that at the time

tion to be abandoned, Mr Stewart

said the Lords' ruling had been mis-

interpreted and did not imply that

the Government was drawing up the 1984 White Paper it was wel background of the banks. It had concluded that they should be given a new structure with clear owner ship and accountability for the fu ture. An offer for sale of shares had,

therefore, been agreed.
Mr Stewart said that the assets of the TSBs did not belong to the Gov-ernment and neither did they represent taxpayers' money. As a result it would be wrong for them to be diverted to the Exchequer. Instead the Government had proposed and Parliament had agreed that the banks should be allowed to keep their reserves, to which would be In a letter to Mr James Ross, a added fresh capital subscribed by TSB depositor who had written to

### Credit business surges

BY OUR ECONOMIC STAFF

CONSUMERS TOOK out more for credit cards have been pubthan £2.5bn of new credit in June, the Department of Trade and Industry (DTI), said yesterday. Bank credit cards accounted for the bulk of the new advances, which took the total of outstanding credit to £22.1bn.

New advances on bank credit cards amounted to £1.08bn in June, the DTI said, bringing the total for the second quarter of 1986 to £3.1bn. That was 12 per cent higher

Finance houses advanced £821m on fixed-sum agreements, mostly hire purchase, which left secondquarter advances 3 per cent lower than the previous three-month period at £2.61bn. Compared with the second quarter of 1985, however,

Running account advances by fi-

### Money brokers given early start

of the City of London.

bers in the London market by ar- Govett and Rowe and Pitman. loans of securities to enable them to settle bargains with Lazard Brothers, the merchant year.

THE BANK of England has granted special dispensations to three banks and securities houses to allow them to begin operating as recognise from October 27 three • Johnson Matthey

Stock Exchange money brokers new money brokers - Lazard Mon- (JMB), the bank rescued from col-nearly three months in advance of ey Broking, King and Shaxson, and lapse by the Bank of England in October 27's Big Bang deregulation Prudential-Bache - in addition to September 1984, has been renamed the six existing money brokers, Minories Finance Ltd. Westpac Money brokers assist stockjob- which include James Capel, Hoare Banking Corporation, the Australian bank, acquired JMB's name and

FT COMMERCIAL LAW REPORT

# Enforced share transfer is not unfair

RE XYZ LTD. Chancery Division: Mr Justice Hoffmann: July 29, 1986

breakdown in relations between to be agreed upon by the vendor members of a corporate quasi-partand the directors or in case of directors from management and employment is not in itself uniair, though
the may have joined the enterprise
with the expectation of participation to purchase and give notice of the
basis; and accordingly, if the unibasis; and accordingly, if the unicles reported upon by the vendor
members or in case of difference, at the price which the auditor of the company ... shall ... certify to be ... the value ....

The directors would then allocate
the shares among members willing
ing in management on a long-term to purchase and give notice of the
basis; and accordingly, if the unicles reported upon by the vendor
ference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the auditor of the carbons or in case of difference, at the price which the carbons or in case of difference, at the price which the carbons or in case of difference, at the price which the carbons or in case of difference, at the price which the carbons or in case of difference, at the price which the carbons or in case of difference, at the price which the carbons or in case of difference, at cles provide for the transfer of a decodor. The vendor was then bound to parting director's shares upon transfer the shares and if he did not breakdown in relations, he cannot do so, the chairman was deemed to assert that compliance with the archave been appointed his attorney to ticles constitutes conduct unfairly do so on his behalf.

when striking out a petition under creasingly strained. In the middle section 459 of the Companies Act of 1983, Mr T. suddenly told him he 1985 for winding up, on the ground was to be removed as managing di-that it was frivolous, vexatious and rector and was to become director disclosed no reasonable cause of ac-for inture products. He had no op-

on. tion but to accept. Section 459 of the Companies Act In the year to June 1984, the com-1985 provides: "A member of a company was successful, and profit be-pany may apply to the court by petitore tax was £232,000. In the next tion...on the ground that the comaccounting year, the company's forpany's affairs are being or have times went sharply into reverse,
been conducted in a manner which been conducted in a manner which, with a cumulative loss of £257,000. is unfairly prejudicial to the inter-ests of some part of the members—year his relations with Mr T. deteri-(including at least himself)...

HIS LORDSHIP said that in 1981 a company was formed with an issued share capital of 190 shares of £1 ken down. The perimener coneach. The petitioner, an electronic engineer, acquired 39 shares, and family and a business associate.

The petition alleged that the new venture was established on the un-derstanding that the petitiones would be employed as full-time managing director, and that Mr T. would be a non-executive chairman.

in 1982, said the petition, the company by special resolution They drew attention to Article 10 adopted new articles of association. Article 9 contained pre-emption ma- deemed to have given a transfer nochinery providing that any member tice in respect of his 30 shares withwho desired to transfer his shares in 14 days of his ceasing to be emshould give a transfer notice to the ployed or ceasing to be a director. company, which would then offer Even if he had, as he alleged, been the shares to the other members. wrongfully dismissed and did not should give a transfer notice to the Article 10 set out various circum-

stances in which a member would ceased to be a director. The letter secome bound to give a transfer no- said that other members were willtice. Those included where a meming to offer £900 a share. ber, employee or director ceased to

The petitioner said relations be Mr Justice Hoffmann so held tween him and Mr T. became in-

orated, and on May 31, 1985, he was

summarily dismissed.

Relations had irretrievably brodustrial tribunal for unfair dismissal. They were compromised with-out admission of liability on the

part of the company.

Meanwhile on July 26, 1985, there was a duly convened extraordinary meeting at which the petitioner was removed as a director. Since then he had taken another job.

solicitors wrote to the petitioner. and said that the petitioner was "cease to be an employee", he had

The offer was rejected and the be an employee or director. "Ceased petitioner denied that he was to be an employee was defined as obliged to transfer his shares. The excluding a person who was wrong- auditors certified the value of the shares at £800. The company indiully dismissed. shares at £300. The company indi-Under Article 9, the transfer no- cated that it was proposing to proposed implied term could not were thereafter entitled to buy his tice constituted the company as the transfer the shares pursuant to the vendor's agent for the sale of his power of attorney in the articles.

WHERE THERE is an irretrievable shares to other members "at a price."

The petition under Section 459 was which could work perfectly well as clear conflict in personalities and management style had begun to presented on June 11. Mr Simon Mortimore, for the re-

vided exhaustively for the situation that had arisen. The petitioner had ceased to be a director. The bargain was that in that event he would sell his shares at a value fixed in default of agreement by the auditors. Accordingly, Mr Mortimore said

could not be argued that the company's affairs had been conducted in a manner unfairly prejudicial to the petitioner's interests, as Section required. There could be nothing unfair in holding him to his bar-

Mr Leslie Kosmin, for the petitioner, did not accept that he was bound to sell, First, he said, it was arguable that the articles were not inding on the petitioner.

The petitioner had said the articles were adopted at a meeting at which he was present, but that he had not seen a copy beforehand and there was no adequate opportunity to consider them in death. Mr T. said the petitioner voted in

favour of their adoption, and pointed out that they could not have been adopted had he voted against. That was not contradicted.

amend the articles in the absence pation in the management. of consent from the petitioner, or quired at least 21 days' notice.

titioner did not fall within Article offered for his shares or in compen-10. There must, he said, be an im- sation for his loss of employment. plied term that an employee direc- In the present case, the articles tor who had been wrongfully dis-had made provision in advance for missed was not obliged to give a what was to happen if there was a transfer notice when he ceased to breakdown in relations. The majoribe a director.

The implication of such a term power to remove the minority was not seriously arguable. The pass the test of necessity to give business efficacy to the article,

There was no allegation of any

wrongful conduct by the board or majority shareholders in the way they ran the company. Mr Kosmin said the petitioner was nevertheless entitled to bring a petition under Section 458 or for winding up because he became a shareholder on the basis of a legitimate expectation that he would participate in the management of the company long-term. The fact that he had been excluded was sufficient to constitute conduct unfairly prejudicial to his

His Lordship disagreed. In Posgate & Denby (FT July 1, 1986) he had said that the concept of un-fair prejudice under Section 459 enabled the court to take into account members' legitimate expectations. He said: "The common case of such expectations being superimposed on a member's rights under the articles is the corporate quasi-partnership in which members frequently have expectations of participating in management and profits ... but... it is... necessary... to demonstrate some special circum-

stances which create a legitimate expectation ..." Mr Kosmin said the company Mr Kosmin said the company of was a corporate quasi-partnership Mr T. owed a duty to the petitioner and therefore the petitioner had a to explain the effect of the new arti-legitimate expectation that unless cles or allow him time for consider-he did something that plainly justiation. Under section 141 of the Comfied his exclusion, he would enjoy anies Act 1948, a special resolution continued employment and partici-

It could not be accepted that if other shareholders, would have rethere was an irretrievable breakdown in relations between mem-But there was no suggestion that bers of a corporate quasi-partnerthe petitioner was misled, or asked ship, the exclusion of one from for an explanation or further time. management and employment was By voting for the resolution, he ipso facto unfairly prejudicial com-must be taken to have consented to duct, entitling him to petition under the absence of the statutory notice. Section 459. It must depend on There was no arguable basis for a whether, if there was to be a partduty to give him advice or explana-tion. He was bound by the articles. should leave rather than the other Secondly, Mr Kosmin said the pe-members, and on the terms he was ty shareholders had a statutory

> shares at fair value. The articles were adopted after a

> shareholder as a director and they

emerge. If there was such a breakdown, there was unlikely to be any doubt over who would have to leave The company was wholly sustained

by working capital provided by Mr

T.'s interests. The only question would be the terms of parting and the articles providing for purchase If articles provided a method for determining fair value, a member seeking to sell his shares on breakdown of relations with other shareholders should not ordinarily be en-

if he had made no attempt to use that machinery. A provision that auditors should fix a fair value gave them the function a court would have to perform under Section 459. The only difference was that the court's valuation would take longer and be far more

titled to complain of unfair conduct

Therefore, in the normal case of breakdown of corporate quasi-partnership, there should not ordinarily be any "legitimate expectation" that a member wishing to have his shares purchased should be entitled to have them valued by the court rather than auditors pursuant to the articles.

This was a much stronger case The petitioner did not wish to sell. He was bound to sell at the auditors' valuation. If they had got the valuation wrong, that did not constitute unfair conduct. The petitioner was free to sue them for negligence or bring proceedings to set aside the valuation without having to pe-tition under Section 459. There was little prospect of attacking the valuation. Bad faith or collusion were

not alleged. Having regard to the articles, the petitioner could have had no legitinate expectation that in the event of breakdown of relations between him and Mr T. they would not be relied on to require him to sell his shares at fair value.

The petition and the alternative claim for winding-up were there fore struck out.

Mortimore (Booth & Co and Middletons, Leeds) For the petitioner: Leslie Kosmin (Wells & Hind,

By Rachel Davies

### TSB group remains | Alleged insider dealing cases still awaiting investigation

(DTI), although they were referred became a criminal offence in 1980 last year by the London Stock Exchange to the DTI.

cious share-price movements scrutinised by the exchange's quotations department in the year to March 31. The DTI said it was still examining the exchange's evidence on the

That has emerged after news of a

big increase in the number of suspi-

ed its own inquiries. Conservative backbench MPs have recently expressed concern nies involved – nearly double the over the DTT's record in investigat-

TEN cases of suspected insider Bill in March, Mr Anthony Nelson, iations and greater speculative acdealing in company securities have a Conservative MP, pointed out that not yet been investigated by the Department of Trade and Industry prosecutions since insider dealing prosecutions since insider dealing

> 94 cases has been submitted to the DTI by the exchange, according to the annual report of the exchange's quotations department. There have been only five prosecutions by the DTI and three convictions.

Quotations department staff at cases passed to it but had not start- the stock exchange last year discussed 811 unexplained price movements with brokers for the compaing insider-dealing cases. During crease was because of improved informated debates on the Financial Services procedures for following price varuations.

tivity in the market. Staff in the exchange's surveil-

lance division then examined 108 price movements to see if further study was needed. Only 35 cases were then investigated in detail. compared with 48 in 1984 85.

The report said one recent inquiry involved more than 1,000 share transactions and 38 interviews with stock-exchange member firms, merother parties. No evidence of insider dealing was found.

Under the 1985 company Securities (Insider Dealing) Act, it is a criminal offence to make improper use of confidential price-sensitive information to deal in company se-

### Alliance urges constitutional reforms

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE SDP-Liberal Alliance yesterday called for wide-ranging consti-tutional reforms designed to over-turn what it describes as the "highly centralised, secretive and unresponsive nature of government in

ln a 5,000-word joint statement aimed at strengthening the rights of the individual and "returning power to the people," the two par-ties claim that there is mounting concern about the steady erosion of civil liberties in Britain.

the basis for an Alliance campaign er EEC country, she added. in the autumn, says a series of measures are urgently required to provide the British people with the constitutional rights available in most other Western democracies.

Mrs Shirley Williams, president of the SDP, said a quarter of all cases concerning civil liberties going before the European Commission of Human Rights emanated tem of proportional representation from Britain. More cases ended in a for all local, national and European ruling against judgments handed parliamentary elections in Britain.

The statement, which will form down in Britain than from any oth-

"People in Power," a statement by Mrs Williams and Mr Des Wilson, president of the Liberal Party, attacks both the other main political parties for failing to embark on

constitutional reform The statement commits the Alliance to electoral reform and a sys-

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(U.S. Dollars 1,000 Bonds to be redeer

On September 1, 1986 the Bonds designated above will become due and payable in U.S. Dollars and are required to be presented for redemption and payment on or after September 1, 1986 at the office of the Principal Paying Agent, Bankamerica International, 41 Broad Street, New York, N.Y. 10004 or at the holders option at the offices of the following paying agents; Hill Samuel and Co. Ltd., 100 Wood Street, London EC2P 2AJ, England. Skandinaviska Enskilda Banken, \$-106-40 Stockholm, Sweden, Deutsche Bank A.G., Taunus-Zentrum Eschborn, Postfach 5223 D. 6236 Eschborn 1, West Germany, Svenska Handelsbanken, Blasieholmstorg 11, S 103-28, Stockholm, Sweden, Banque Bruxelles Lambert S.A., Cours Saint Michel 60, 8-1040, Brussels, Belgium,

Kredietbank S.A., Luxembourgeoise, 43 Boulevard Royal, Luxembourg. Interest on the Bonds so called for redemption shall cease to accrue from September 1, 1986 and the coupons attached thereto maturing after September 1, 1986 shall be void.

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**Importing** 

# Dictating a fashion

David Gumpert explains how a US flower dealer began marketing a touch of style to stand out from a ground band of competitors

IT WAS BACK in early 1984, as Christine Martindale recalls it, that her Miami-based flower-importing company's marketing problem first became noticeable. Her five-person sales staff suddenly discovered that it couldn't get existing and potential customers — owners of flower wholesaling companies — to

tion. When she starten esprii Miami in 1980, there were only about 15 flower-importing companies in Miami. By 1984, the number had at least tripled and today there are about 60 such businesses in the endless industrial parks that surround Miamit already.

"Discovering all the new importers frightened me more than anything," Martindale recalls. "We were all calling the wholesalers every day. Some of the wholesalers told me that they had stopped taking calls

from importers."

Coming up with a solution to this problem hasn't been quite so simple, though. Over the past two years, Martindale has worked hard to distinguish Esprit in as many ways as possible from her new-found

competitors. She makes sure, for instance, that on the telephone her sales force now provides wholesalers with useful information, such as flower-growing conditions in South America and how to

wholesaling companies — to come to the phone and answer inquiries about ordering flowers.

Figuring out the cause of her company's problem wasn't all that difficult. Martindale, 35, quickly realised that she suddenly had much more competition. When she started Esprit Miami in 1980, there were only wholesaling companies to the phone and answer inquiries of small businesses in unbers of small businesses in the US. Amarica's so-called "Entrepreneurial Revolution" has unleashed a multitude of new businesses in many businesses areas—particularly the service sector. In Los Angeles, video production companies seem to be springing up like weeds. In Boston, it's consultservice sector. In Los Angeles, video production companies seem to be springing up like weeds. In Boston, it's consulting firms that seem to pop up on every corner. Overall, more than 600,000 businesses have been incorporated in each of the last two years, which is more than double the number incorporated during the midincorporated during the mid-1970s and eight times the number during much of the 1950s.

Part of what makes service businesses so popular is that they can often be started with little upfront investment. For a flower-importing business, all that is really needed to open up shop is a telephone with an 800-number and a WATTS line in one's d'ning room. (These telephone services allow many calle to certo in and a state of the services allow many calle to certo it and a state of the services allow many called the certo in and a state of the services allow many called the certo in and a state of the services allow many called the services allow many called the services allow many called the services and services are services are services are services are services and services are calls to come in and go out at the most cost-effective rates.) Outside contractors will handle customs clearance and flower refrigeration for additional pay-as-you-go fees.

Martindale has managed to

adjust successfully to the new competitive environment and

mers she was able to attract from a flower importer she had worked for previously as a sales manager.

She has distinguished herself favourably from competitors in large measure because she is in an industry that traditionally an industry that traditionally hasn't been extremely marketing oriented. Flower growers in Colombia, Costa Rica, and elsewhere are accustomed to providing what's easiest to grow rather than what's in demand. Miami importers have mostly been content to play the role of intermediary, shipping on to wholesalers whatever growers

supply.

But such approaches have created problems for growers and importers alike. On the one hand the number of countries now growing flower staples like carnations and pom poms has increased (to include not only increased (to include not only South American countries, but Spain, Israel, and African nations), leading to oversupplies and price declines. Prices for carnations last year dipped to as little as two or three cents apiece from 15 to 20 cents apiece in 1984. (They have recovered this rest, due in dipped to as little as two or the growers by providing seed-three cents apiece from 15 to lings she obtains from an 20 cents apiece in 1984. (They Italian hybridiser, who prohave recovered this year, due in duces flower types and shades large measure to weather problems in Colombia.)

On the other hand, American
consumers are increasingly successfully to differentiate herseeking more exotic flowers like self is promotion. She hired an alstroemaria, lillies,



saracenias. Moreover Ameri, 'sign a brochure that empha-

we'll repack the boxes."

She has even tried to anticipate changing colour fashions

American Florists. Her hope is

by subscribing to a New York consulting service that predicts colours likely to be in fashion the next year. That way, she can push growers she deals with-most of whom are in Colombia—to plan their flower plantings accordingly. She helps fications.

and advertising agency to help de-

cans are much more likely to sises Esprit's interest in fashdemand that their flowers match ion and colours. The brochure's their curtain, wallpaper, and black-and-white cover boldly clothes colours.

In her effort to stand out ours, everyone else's might as from the crowd of Miami importers, Martindale has sought side, the brochure contains to improve her service. "I'll brightly coloured flower photos. mix and match colours in the boxes of flowers the growers send us," she says. "If a customer doesn't want red carnatomer doesn't want red carn

that at least some of the many

gather groups of wholesalers together to demonstrate changing colour fashions so they can improve their own sales approaches. By helping the wholesalers sell more effectively, she hopes to build loyalty to her products.

sector. Just under one-fifth

were in the distributive trades and 18 per cent in manufacturing. Regionally,

most responses (38 per cent)

hired a former cruise line marketer as her company's marketing director in the expectation of coming up with still tation of coming up with still more marketing tactics to help her stand apart from the crowd, and earlier this year she opened a retail flower outlet in downtown Miami. While she expects that the store, with its emphasis on affordable, attractively arranged flowers, will be profitable, it has another purpose as well: "I'm using the store as a test-marketing centre" to try out new colours and keep to try out new colours and keep abreast of changing consumer tastes, Martindale says. Her biggest challenge? Get-

retailers who expressed interest in her orientation toward fashionable colours will request that wholesalers order Esprit's flowers.

She's looking at other ways to improve her marketing efforts as well. She wants to gather groups of wholesalers tinness. Her biggest challenge? Getting growers and wholesalers importance of fashion in flower purchases. "You have to keep after them constantly," she sight. But the effort has clearly begun to pay dividends. She congather groups of wholesalers begun to pay dividends. She con-tinues a few steps ahead of the growing numbers of entre-preneurs trying to duplicate

approaches. By helping the David Gumpert is executive wholesalers sell more effectively, she hopes to build Resources, a New Hampshire-loyalty to her products.

In the past year, she's also der success.

David Gumpert is executive vice president Venture lively, she hopes to build Resources, a New Hampshire-based consultancy and a sentor of the lively per cent had equity problems. Getting advice was cited as a difficulty by nearly ? per cent. The survey showed that just under a quarter of res-pondents claimed to be mem-bers of a general small

business representative body, with nearly half saying they had joined some other professional or trade body. Membership penetration is highest in the North and Scotland, says Stanforth, and lowest in the South-East. For full deteatis of the

survey contact Small Business Recarch Trust, 3 Dean Trench Street, Westminster, London SW1P 3HB, tele-phone 01-222 4684/5.

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Exporting

# Seeking fresh growth areas

In the first of a series Martin Posner offers des and don'ts of tapping foreign markets

"I WILL never get involved in another export deal." Too many first time exporters rush eagerly into new markets only to burn their fingers because they failed to do their homework. If small businesses cannot increase their sales at home, exporting can dramatically increase turnover. to do their homework. If small businesses cannot increase their sales at home, exporting can dramatically increase turnover. Profit margins, too, can be far higher if the many practical details of selling overseas are properly appreciated. There is only one rule—get it right. But how does one begin?

First, it is essential to work

out a policy marketing plan so that all the implications can be reviewed on paper. It is then necessary to prepare two check lists. The first should cover checked by contacting an officeal economic, political and commercial market background commercial market background conficers of the Department of the state and onmercial market background plus UK government export regulations, tariff restrictions, transportation, the importing country's regulations and pay-

### Help at hand

The second check list should move on from general marketing policy to deal with the product or service to be sold over-seas. Here it is important to take into account the attitude of the importing country to British products, its cultural and religious customs and language. The selling price must reflect the exchange rate differences and include all the extra costs of experience.

of exporting.

Will it sell at the price? Will the customers pay? Can credit insurance be obtained? It might seem impossible to answer all these questions, but help is at hand. The British Overseas Trade Board has more than 20 schemes to help UK businesses to succeed in selling overseas, many of which are free or highly subsidised. Its leafiet clude the two check lists and a "Help for Exporters" gives a time and budget schedule so brief summary of the services that it can then be decided in which can be obtained from the principle if exporting is BOTB, 1 Victoria Street, Longuet BOTB, or their local could be profitable.

Here is an example: a china manufacturer wishing to sell to Italy. A desk officer at BOTB will be able to advise on the best way of tackling this specific market, and the Com-

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NEW YEAR

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trade in one particular area, to which the exporter can be directed for help. Local Chambers of Commerce have export clubs. The London Chamber of Commerce has a large information department which is particularly good on

Trade and Industry.

With the preliminary homework out of the way, the next step is to decide whether to hire an overseas agent and invest in extra training for the sales force. It is also as well to budget for the cust of translat-

ing catalogues, price lists and correspondence.

Time spent carrying out the part of the research is essential part of the research is essential to see if exporting is viable, because the extra costs can be considerable. If one person is detailed to do the pathfinding, an indication of the prospects of extra sales could be obtained in six weeks.

### Cold calling

Several companies have spent fortunes in flying out sales per-sonnel to a country to start cold calling without checking any of the local customs. They were amazed that no orders were

time and budget schedule so that it can then be decided in principle if exporting is practical, possible and if it could be profitable.

The more detailed process of assessing the export country and its market and looking for sales prospects will be the subject of the next piece in this series. Martin Posner is a credit management consultant.

INVESTMENT

#### IN BRIEF

THE INSTITUTE of Directors is to run a one-day settinar on September 11 entitled "Expansion through Franchising." There will be a panel of speakers explaining what franchising involves, how to raise sufficient capital to get raise sufficient capital to get started, the tax implications and any legal problems that may arise. Among the speakers will be Sir John Hoskyns, the IOD director general, Allan Pope, franchise manager for Lloyds Bank and Ken Mullarkey, chief executive of franchisor Holland and Barrett. Tickets cost \$155.25. Barrett. Tickets cost £155.25, inclusive of documentation, lunch and refreshments. The

venue is the IOD's business centre at 116 Pall Mali Lon-don SWI, telephone 839 1233.

THE PATH to self-employment has been made easier for those on Government schemes as a result of schemes as a result or recently foreshadowed changes. Participants on the Community Programme, the Voluntary Projects Programme and adult training courses funded by the Government and administered by the Manuager Services. by the Manpower Services Commission can now move directly on to the Enterprise Allowance Scheme without having to re-register as unemticipants were already allowed to count their time on their project or course as unem-ployment for the purposes of satisfying the scheme's eightweek unemployment condi-

Under the Enterprise Allowance Scheme financial help of £40 a week for 52 weeks is available to people weeks is available to people who have been unemployed for eight or more weeks and who have a business venture in mind and £1,609 to invest in it but who may be put off working for themselves because they would lose orditary and the second contraction of the second contraction o entitlement to state benefits.

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ing small businesses at the present time, according to a survey by the Small Busi-ness Research Trust. The burden of taxation, together with the difficulty of low turnover are put as the next most pressing difficulties.

The findings are described in the latest issue of the National Westminster Bank's Small Business Digest and re-late to a survey which was carried out among more than 4,000 of the digest's readers. Professor John Stanforth,

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director-general of the research trust, says that more than half of the respondents were people operating small businesses in the service

came from those operating in London and the South-East, with 12 per cent in the South-West, 10 per cent in the North-West and just 3 per cent in Wales. Stanforth says around 50 per cent of respondents admitted to having financing problems, especially the younger businesses. Twenty-

seven per cent said they were having difficulty in obtaining working capital and 10 per cent were having problems with loan capital. Only 3.5

MEDIUM SIZE

MANUFACTURING

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Telephone: 01-236 0570 Telex: 928060 ALLCOM G FAX: 01-489 0056 TELECOM GOLD: 76:WJJ 011

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For further details, please contact:
Michael Hore, Joint Administrative Receiver,
Robson Rhodes, St. George House,
40 Great George Street, Leeds LS1 3DQ.
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acquired recently by its management and SCI Holdings, Inc.—a corporation organized by Kohlberg, Kravis, Roberts & Co.—Bankers Trust was selected as exchange agent for the \$2.6 billion acquisition. Our specialized reorganization processing team handled twelve of the largest mergers in 1985, totaling over \$10 billion.

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So it should come as no surprise that more than 2,000 corporate and governmental entities worldwide depend on Bankers Trust to service over \$150 billion in securities. (We exercise fiduciary responsibility for over \$80 billion in debt securities alone.)

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pants in the secondary market, where we are a market-maker in over 500 different Eurosecurities.

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Merchant banking blends two distinct aspects of banking. One is the lending capabilities and breadth of non-credit services of a commercial bank. Among these are our trust and agency services.

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Loan syndication. Bankers Trust plays a major role in the global syndicated loan and Euronote market. We are sixth among the top 50 lead managers worldwide, and are ranked fifth by leading participants in the world's capital markets in terms of innovative instruments and pricing.

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### Edinburgh Festival/Mary Rose Beaumont

# Fresh light on the birth of Impressionism

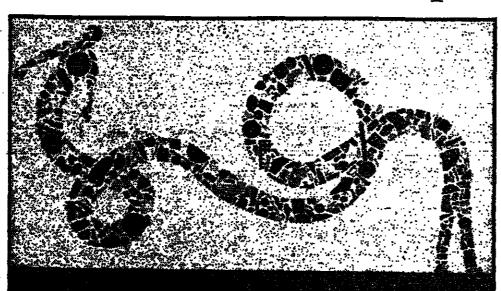
The Scottish Enlightenment is the theme of this year's Edinburgh Festival. The National Gallery of Scotland has taken the subject quite literally in its exhibition, Lighting up the Landscape: French Impres-sionism and its origins, which examines the work of the illustrious but lesser-known predecessors of the Impressionists in the broader context of French. 19th-century landscape painting. The early works in the exhibition are derived from the 18th century tradition of classical landscape, in particular that of Claude Lorrain, which is continued by Corot in his paintings of the Roman Cam-

pagna.
It is instructive to see how It is instructive to see how close were Courbet and Pissarro in the early 1860s. Courbet's paintings of his native Ornans, executed in a swashbuckling style with the palette knife, were a direct challenge to the elegant belle petnure of his contemporaries. Pissarro's magnificent Braks of the Marne at minicent Banks of the Marne at Chemevières is close in style, employing the same breadth of treatment.

This painting is in the collec-tion of the National Gallery of Section and was the inchire

Scotland and was the inspira-tion and focal point for the exhibition. In 1865, when it was exhibited at the Salon, it met with official approval because of its orderly, conventional treatment of a tranquil landscape. How different is his 1874 painting of kitchen gardens at Pontoise, in which he applies the feathery touch of Impressionism and the whole painting is suffused with light. This painting, needless to say, did not meet with official

young Impressionists so much admired Delacroix. Besides his grandiloquent historical and mythological paintings he was a master of floral still lives and and seascapes. His lightly painted panel of boats in the harbour at Dieppe, executed in the early 1850's prefigures their forebears but the tech-Monet's early marine views. An inque of the divided brush-



Tony Cragg's New Configuration (1985) on display at Edinburgh's Fruitmarket Gallery

untypical but very remarkable painting by Monet, also in the National Gallery's collection, is Seascape, Shipping by Moon-light, painted on a dark, slateblue background, relieved only by the white edges of the ragged clouds which conceal the moon.

More typical is a proto-Impressionist work by Monet, On the Seine at Bennecourt (Art Institute of Chicago), 1868, which is indisputably the star of the exhibition. The land-scape has literally been lit up. Madame Monet's blue and white striped blouse, the loosely-brushed leaves of the tree under which she sits and the brilliant reflections in the water encapsulate the qualities of immediacy which were to be-come the hallmarks of Impres-

The exhibition ends with four very freshly painted landscapes by Sisley, redolent of light and air. It is not a difference in-subject matter which separates Monet, Pissarro and Sisley from

stroke and the preoccupation disguises—fish or bird heads with light.

of Modern Art is showing the first full retrospective of John Bellany, which illuminatingly demonstrates the full scale of his achievement at the age of 44. Trained at Edinburgh College of Art and at the Royal College, he has maintained throughout his career a peculiarly Celtic vision which is manifested in allegories of his native fishing village. native fishing village.

Bellany's tradition is a Nordic

Bellany's tradition is a Nordic one, nurtured by artists such as Beckmann, Munch and Ensor. The early paintings, many of which take the form of a trip-tych, have inescapable religious overtones which recall Grune-wald's great altarpiece at Isen-

the hours left to us.

The Scottish National Gallery autobiographical: from the shock of a visit to Buchenwald in 1967, through the tempestu-ous emotional years of the 1970s, culminating in the more tranquil years of the mid-1980s. his life is laid bare in paint.
Out of the prevailing chaos of
life redemption is to be found
in love, and in the many family portraits, and especially in those of his wife Helen, one is made aware of the comfort and strength of these familial ties.

Gerhard Richter has chosen to place between his two "vani-tas" paintings of a skull and candles.

This theme of death and an emphasis on the worthlessness of the material world is pur-sued throughout. God, or the gods, are seen to be vain and cruel; man is but a plaything. Giulio Paolini's mirror-glass on the floor, reflecting a plaster foot on the ceiling, illustrates the legend of Empedocles who tried to emulate the gods by throwing himself into the crater of Mount Etna, thus becoming immortal. His hubris prompted the gods to eject him.

The exhibition includes paintings, sculpture, photography and installation, making an interesting medley. If it is the ambition of the selectors to make one conscious of human vulnerability, it is amply fulfilled, to the point of repulsive-ness, as in Jiri Georg Dokoupil's bloated babies who purport to represent a world of lost inno-

The same idea is more palatably presented in Christian Boltanski's installation, which shows small cut-out shapes illuminated by lamps, set dancing, like a shadow puppet theatre, by a gentle draught of air. Gifbert and George, David Salle and Tony Cragg, are among the artists featured in this show, but the presiding genius is Duchamp, who queried the value of the art object as a means of communication,

A foretaste of next year's Festival exhibition of young Scottish artists is shown in Scottish Art Today. Artists at Work 1986. The Edinburgh wald's great altarpiece at Isenheim. But Bellany is anything but derivative. His visual language is that of a late 20th century wan, all too aware of the fragility of man's situation in this ost-nuclear age. In the later aintings he hides his fear and arror behind many masks and identity. Lest that should sound too formidable it must be said that it is not necesshowing completed work there mow and will be working in stitu during the Festival. Some to the argument of the selectors. True, even before leaving the street to enter the gallery, the which have featured young Scottish artists during the later along the later to enter the gallery, the which have featured young Scottish artists during the later along the later to enter the gallery. The which have featured young Scottish artists during the later to enter the gallery to enter the ga

### Oberon/Usher Hall

#### Richard Fairman

It is a brave man who takes on Weber's Oberon. This opera trails in its wake a history of failures, from its opening performances at Covent Garden in 1826, through a long list of arrangements by (among others) Mahler and Weingartner, to the unhappy experience of Scottish Opera in 1826 these were the second act was said the serious. Canadian Paul Frey did tackle the original—but only the nide of it. The awkward outer flourishes were taken over by the reliable Oberon of Philip Langridge, which seemed beyond the call of duty, even for a benign king of the gartner, to the unhappy experience of Scottish Opera in perience of Scottish Opera in the autumn of last year.

Festival, has shown it admirable tured with much excitement mant werza of Enzagem Concommitment. Not only did he and a potent sense of fantasy nell. From her entrance, schedule the opera as the open-by the Junge Deutsche Philipping musical event of the festival harmonic under Setji Ozawa. Macbeth in a turban, she disposed all the drama and vocal on Sunday night: he also proon Sunday night; he also produced it. At the Usher Hall there is a limit to the amount of on Sunday night; he also produced it. At the Usher Hall there is a limit to the amount of action and visual effects that can be mustered and the piece emerged in a sort of theatrical limbo—more than a concert, less than a fully-formed opera. Yet the spirit of Weber was with us. After so many productions which have seen fit to distort the work's early romantic atmosphere, its simple humour and fantasy, it was a relief to turn to this modest Benedict. Tenors have compresentation and find moods, characters and story as the comton of the work made in 1836 by the English composer, Benedict, but quite how that related to what we heard was not clear. Though there was not c

characters and story as the com-poser intended them. Like Die first Huon, John Braham, performances follow tonight Zauberslöte, this opera has its demanded an easier replace-and on Thursday.

The second secon

perience of Scottish Opera in the autumn of last year.

In this, the composer's bicentenary year, Frank Dunlop, director of the Edinburgh Festival, has shown it admirable tured with much excitement limit Reiza of Elizabeth Connections of the perience of fautasy and the setting of the sun on the water in the second act was said to much of the rest of the role too. For a splendid demonstration of how to tackle Weber's uneasy writing for the voice, one had only to turn to the brilliance of fautasy and the promise of the rost of the ro strength that the role demands and capped the evening with some exciting singing in "Ocean, thou mighty monster."

The extra sparkle that she brought to the stage was soon taken up by the rest of the cost, especially the Fatima of La Verne Williams and Benjamin Luxon's humorously plebian Sherasmin. Their duet, like the whole evening, afforded a good deal of innocent fun. After so many bad transformations it seems that Oberon's spell might

### Linda Hirst/Purcell Room

#### **David Murray**

Sunday from modern "classi- person erotic and of violent whole length of a "difficult" cal" to modern popular, but it inward intensity, they make an song-cycle without benefit of bridged a wider gap than any.
Going from Das Buch der
hängenden Gärten, Schoenberg's first atonal masterpiece,
to Sondheim might well induce the bends. The way was neatly smoothed by some Brecht/ Eisler songs and a Stein/Brooks mock-pop "Medley." But I am only guessing that the Stein and the Brooks were respectively Gertrude and William: a pox on Gertrude and William: a pox on the Summerscope non-programme, which also failed to give any description whatever of the Schoenberg song-cycle—let alone Stefan George's texts—and thus left the audience clueless about what it is about. Leaving Das Buch in unfathomable German while everything else was delivered in Miss Hirst's clear English just on the musical public. Brooks was an in-joke; the schoenberg's piano-writing two songs from Cabaret proved and rigorously expressive; Constable then ceded the plano gracefully to Daryl Runswick, who with double-bass assistance conjured the voice to fend for up the right cocktail-lounge itself. Miss Hirst's perfect pitch obviously gives her an advantage, and also the tessinguested the well-meant pitch. able German while everything else was delivered in Miss Hirst's clear English just queered the well-meant pitch.

Like other song recitals in Schoenberg—in his own order communicative flair took her the South Bank "Summer—from George's larger collection much further. To hold her scope," Miss Hirst's moved on tion of the same title. First-audience, as she did, for the arch of rising urgency and translation was an impressive reflective fall which supplies feat, and achieved with no the only dramatic structure. That overall shape was, I thought, the only feature that Miss Hirst and her pianist John Constable left insufficiently clear. Otherwise their performance did fine, committed justice to one of the last great song-cycles that remain almost un-known to the musical public.

resort to operatic passions. With such interpreters, the power of the music could make its own case.

Miss Hurst was sharper than Constable in the Brecht/Eisler numbers (he is a blt too fasti-dious to give them the intended vulgar colour). The Stein/ Brooks was an in-joke; the queered the well-meant pitch.

In fact The Book of the as it is for most sopranos—
Hanging Gardens tells no story; seems to fit her voice like a when British actors are mostly its 15 poems were chosen by glove, but musicianship and so tin-eared about it?

### The Garden Girls/Bush

### Martin Hoyle

Birdsong. In a well-tended garden a woman sits by the sundial reading, squash rackets but is finally disillusioned by the reading, squash rackets the rejection of her application tossed aside. A girl sprawled on the grass sunbathes. They chat of Scrabble, Trivial Pursuit. The woman has been . . Scot in her forties. Her loathing actress in London casting from strength indeed—this young actress in London casting from strength indeed—the square of the prisoner and Doreen Mantle—this young actress in London casting from strength indeed—the prisoner and prisone

crochet to do") when a cheery black girl pounces on the sun-bather and, after a playful tussie, runs off with her shirt. The note of disapproval is taken up by the gumbooted old woman who feeds the ducks. "This was the first open prison in the whole country... Now it's ruined. They're shoving anybody in."

Jacqueline Holborough, the author, has been with Clean Break, the touring company she formed with women exprisoners, since 1979. The enterprising Bush is staging what is, surprisingly, her first full-length play; and it turns out to be an exciting event. Her gift is for characterisation, not yet for plot; but The Garden Girls has some of the best acting currently on view in London.

Of the five inmates we meet, the most interesting are Mary and Jock The former is tremulous, prim, even prissy: the educated middle-class woman who cracked up under pressure and set fire to her employer's and set fire to her employer's
business. She clings desperately
to moral standards, personal

Structurally, the play lacks a
backbone. After scenes of
bitter hostility we see Mary

less recidivist.

Apparently poles apart—socially, morally, temperamentally—Mary and Jock are drawn together after Mary, caught with alcohol, has refused to grass on her clandestine drink-ing companions. Initial loathing, a groping towards communica-tion, and the tenderness that finally manifests itself in a kiss, provides a marvellously intense scene of brilliantly controlled acting from both women. Maggie McCarthy's Jock, in her mannish clothes, gruff, defensive, prone to bouts of paranoia, and Maureen O'Brien's futtery and Maureen O'Brien's futtery determination as Mary are memorable. Miss O'Brien has long excelled at the neurotic beneath the prim, the angst a-quiver under the good breeding. This consummately judged performance is a matter of reticence, uncompleted gestures, tentative advances and impulsive withdrawals, delicate vocal shadings; and is the best thing she has done.

as the old duck-woman who knows no other home, complete a distinguished cast. Simon Stokes directs on a set by the aptly-named Geoff Rose that surpasses even the custo mary Bush design standards:



Suzette Llewellyn and Doreen Mantle

### Crosse's 'Array'/Albert Hall

commissions contained in the 1986 Proms was introduced in Orchestra conducted by James seems throughout very much Loughran. Despite its rather an equal partnership, with forbidding title, stirring uncomfortable suggestions of Prince-buted. ton technical complexities,
Gordon Crosse's Array proved
to be a highly approachable
and thematically striking work, a three-movement concerto for trumpet and string orchestra which puts the remarkable accomplishments of the young Norwegian player Häkan Har-denberger to rigorous test.

Trumpet and strings make a satisfying combination, which Crosse exploits with great resource. The large body of strings is terraced in three layers, from solo quartet upwards; through their varied textures the trumper is able textures the trumpet is able to penetrate with total freedom. The element of overt display in the work is restrained, though

The first of the two BBC it does begin with a highly virtuosic cadenza before the strings steal in to begin the Saturday's concert, given by first movement proper, and the the BBC Welsh Symphony soloist is rarely silent. But it

> The core of the concerto is in its slow movement, which in its slow movement, which unfolds a serene diatonic melody, long-limbed and hauntingly evocative, its first presentation given to the trumpet doubled at the octave by one group of strings, and accompanied with thrumming pizzicato by another. Afterwards the strings take over the melody to themselves, while the trumpet supplies decorative arabesques around it. It is a simple idea for a movement yet highly effective here, and the whole concerto is worked from these quite straightforward concepts, using a minimum of

thematic material. Once or twice it does seem right up to the trumpet's throw-away phrase with which the and accomplishment with every concerto ends, it is a con-

vincingly successful example of a thinly populated genre, superbly presented by its startling young soloist and by the BBC Welsh.

On Friday evening, for the second of their two concerts during the week Edward Downes and the BBC Philharmonic brought a programme fully attuned to the Proms' Italian theme: Walton's Violin concerto (with Iona Brown an elegant, slighty detached soloist) and Respight's Pines of Rome, prefaced by Berio's Epifanie. The Berio does not wear as well as it ought; written precisely 25 years ago it now epitomises a whole school of writing for voices and orchestra from the 1960s in which a con-ception of texts seems to become an exercise in intellectual modishness. Of course Berio is incapable of inventing sounds which are not tellingly crafted, but he is capable of music which lacks long-range a little too stringently rationed:
the motoric Stravinskian element in the first movement is
frugal to the point of undernourishment. But otherwise,

a little too stringently rationed:
music which lacks long-range
continuity and is content to provide only momentary excitements. Elizabeth Laurence was
the soloist; she is a singer who

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### Arts Guide

August 8-14

### Opera and Ballet

New York City Opera (NY State Thea-New York City Opera (NY State Thea-ire): The week features the new pro-ductions of Don Quichotte, conduct-ed by Mario Bernardi and directed by John Copley, along with Carmen, Die Fledermaus and Madame But-terfly. Lincoln Center (870 5800). Out-of Towners Series (Dance Theater Workshop): The ainth annual invita-tional dance, with annual myta-tional dance, with annual mytational dance, mime and perfor-mance whirlwind features this week

Steve Krieckhaus from Philadelphia with his Missouri Drivers License (Mon, Tue) and Deborah Anderson from Columbus with In Your Face (Thur). 19th St w. of 7th Av (924 0077) mamer Stage (Central Park): Free

new-dance series. Nina Martin, Me-rian Soto and Pepone Osiorio (Thur). Bandshell at 72nd St. 6 o'clock (397 3156)

LONDON Pestival Ballet continues at the Royal Festival Hall (928 3191) with Coppel-

Patrick Dupond and stars of the Paris Opera Ballet: including Sylvie Guil-lem, Monique Loudieres, Fanny Gaida, Lynn Charles, Bon Soir (new work by Dupont), Giselle, Pirates and Others. U-Port Kani Hoken Hall, Gotanda. (723 2256; 490 5111).

ITALY Verona: Arena di Verona: Alda a reviv-al of the successful 1913 edition --conducted by Daniel Oren and di-

Volksoper: The Magic Flutz; Die Fled-

neth Jones sings Aida, Franco Boni-solli Radames, and Fiorenza Cossot-to Amneris. Also La Fanciulla del West conducted by Maurizio Arens.

west conducted by Maurizio Arena.
Olivia Stapp, Giamplero Mastromei
and Giorgio Casellato Lamberto.
Andrea Chenier by Umberto Giordano, conducted by Gianluigi Gelmetti
with Nicola Martinucci. (28 151)
Maccrata: Arena Sferisterio: Il Trovatore conducted by Anton Guadagn with Yasuko Hayashi, Fiorenza Cos

sotto, Lando Bartolini and Ivo Vin-co. Cavalleria Rusticana and I Pagi-acci conducted by Alain Lombard and directed by Ivo Guerra. Coppelia, danced by the Ballet National de Marseille, with choreography by Roland Petit (who also takes part)

**PARIS** 

J. Peri: Eurydice by the Jean-Marie Leher company conducted by Bea-trice Berstel, choreography by Welkenhuyzen (Wed 9 pm) Auditor-tum des Halles, 5 Porte Saint-Eus-tern 147840980.

**WEST GERMANY** 

Bayreath. Tristan und Isolde, produced by Jean-Pierre Ponnelle, con-ducted by Daniel Barenboim, Wolfgang Wagner und Horst Stein's Die Meistersinger, Peter Hall's Ring; Wolfgang Wagner and Guiseppe Sinopoli's version of Tannhäuser (321 20 221).

Wiener Blut and Die Entführung aus

### Maazel & fireworks/Barbican Hall

### Dominic Gill

appearance.

The penultimate evening on times set sparks flying from the Saturday of the Barbican's very opening page. The orchessummer in the City festival tra were on fine virtuoso form: and Mahler by the London Sym-

strong.

The musical threworks began late. The LSO's account of Beethoven's Eighth at the start of their programme was clear and cogent—Maazel's concise, unamblguous direction allows of no rough edges or loose strands. But it was a hot, humid evening, and the spirit of the performance lacked a certain electric charge—the instrumental forces were in any case an uneasy compromise, not quite small enough to achieve an authentic sense of Classical formance.

electric charge that can some (and a hundredth of the price).

(sponsored this year with adbut their virtuosity in the first mirable discretion and sensitivity by Shell) was a lively affair; jazz in the foyer beforehand, a concert of Beethoven and Mellon by the Venetic Constitution on the concert of Beethoven. are as clearly defined as they phony Orchestra under Lorin are unpredictable: the turning Maazel, and on the lakeside terpoint came in the first page of maazel, and on the lakeside terrace afterwards a firework display to accompany the LSO's Brass and Wind Ensemble watched by a crowd 7,000 strong. of its texture, was altered. Maazel's shaping of phrase in particular, and his dovetailing of a dozen different tempi, was masterly; the LSO's response was vivid, exact. It was an exhilarating tour de force, which redeemed all that came before it.

As a firework aficionado, I should add a word of praise for the show after the concert, which was devised by one of England's most talented pyrotechnicians, the remarkable Reverend Ronald Lancaster from Huntingdonshire. His disan authentic sense of constant Reverend Robato Lancaster intimacy, nor quite large from Huntingdonshire. His disenough to sound wholly and play for the Barbican was a impressively unauthentic. A delight, and perfectly scaled to good, but not a gripping, per-the venue: a hundred times more inventive than the extrava-Mahler's first symphony too gent bombast, for example, of began well, but without the the Thames Jubilee display

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Tuesday August 12 1986

# Egypt calls on its friends

late President Sadat to Jeru-salem in 1977, has not only built up a substantial political credit balance but also made credit balance but also made sure that others appreciate how much its diplomatic weight and strategic geographical position affect any assessment of future Middle East stability. It is that investment which it is now seeking to draw on to alleviate a manufing sight origin

In the 16 years since the death of President Nasser, Egypt has moved out of the Soviet orbit firmly into the Western camp, It has signed and customed a peace treaty with sustained a peace treaty with Israel. The danger of another major conflagration has been reduced and Israeli leaders can sleep more easily at night.

The extent to which President Sadat's enduring diplomatic initiatives were dictated by economic need is debatable; the effects are not. The Egyptian economy and the morale of its military are now heavily supported by Western (primarily US) aid and credit. Nearly onethird of Egypt's foreign debt of more than \$30on is in the form of credits from the US Govern-

These aid and credit flows were in part aimed at helping Egypt to break free from President Nasser's legacy of a heavily centralised, grossly inefficient form of economic management, the prime objective of which was to provide jobs (not neces-sarily employment) and cheap food for a population now grow-ing at the rate of about 1m every nine months.

#### Military debt

by the food price riots in January 1977, never again attempted consumer from upward more ments in world commodity worse disruption in the want prices. President Mubarak, in of savage import cuts and reductions in subsidies. advice, has done more but is still only nibbling at the edges. main pro viders of foreign exchange—oil, announced programme of tourism and remittances from reform, could make it much Egyptians working abroad— easier for Egypt's friends to be have fallen alarmingly with generous at the end of the year.

short to medium term. The gov-ernment is already well behind with debt repayments, the most pressing of which is the \$500m due this year on its \$4.3bn mili-tary debt to the US.

The Egyptian response so far has been primarily political. President Mubarak visited in quick succession three of his European creditors — Italy, France and Britain — and last week impressed on Mr George Bush the need for US assistance both through debt rescheduling both through debt rescheduling and the conversion of project aid into cash grants. Cairo would also like to see the IMF drop its insistence on a performance-related stand-by facility and adopt the more flexible approach recently shown in tts negotiations with Mexico.

#### Global schemes

Egypt has yet to place much on the table in return. It is claiming progress in reducing subsidies and reforming exchange rates. More is exchange rates. More is promised. A document has been drawn up outlining a programme to be carried out over the next five years. However, international creditors, especially the IMF, may be excused if they feel that this is a nath down which they have is a path down which they have

They may seek solace in global schemes for reconstructing Third World debt and linking interest payments to commodity prices but this is unlikely to impress a country such as Egypt which is utterly convinced of its "special case"

Just how "special" the case President Sadat, badly scarred by the food price riots in Janury 1977, never again attempted tate subsidies which has argely protected the Egyptian to rouse mere from upward move.

Just now "special" the case is supposed to be was underlined in February when riot police went on the rampage and more than 100 people were killed before the army restored order. Lurking behind that violence is the spectre of the supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to be was underlined in February when riot police went on the rampage and will be a supposed to to tamper with the system of state subsidies which has largely protected the Egyptian consumer from upward move-

with the problem and plentiful This is a risk which Egypt's international and domestic creditors must bear in mind but advice, has done more but is not one which should dominate still only nibbling at the edges.

With Egypt importing up to 60 per cent of its food the burden on the national exchequer and the balance of pay
not least be selecting ministers. ments was mounting sharply who worked together as a even before the price of oil col- single, coherent team. A new lapsed. Now it is fast becoming cabinet, with a spread of intolerable. Revenues from political and economic talents

### Freedom for unit trusts

Britain has operated since the health warning to the effect Second World War within a that unit prices may not be relatively tough regulatory what they appear and that units

In the light of that record, the Department of Trade and Industry might have been expected to adopt a minimalist approach in modifying the trust schemes to bring them into line with the requirements of the Financial Services Bill and the recent European Community directive on unit trusts. Instead it is proposing, in a consultative document put out last week to open the door to new kinds of trust and a wider the discipline of enhanced disclosure and some tidying up at

A policy of freedom with disclosure has the merit of intellectual coherence. In a period of deregulation it also brings the unit trust management groups closer to the even playing field that all the more heavily regulated players in the financial carrices business are financial services business are

The department's new proposals to permit unit trust groups to set up property unit trusts will in practice allow unit trusts to compete on an even footing with banks, build-ing societies, insurers and other fund management groups for pensions business. Since this is expected to be a particularly attractive market for them annual accounts.
when the Government's personal pensions plans gather momentum, the proposals will be welcomed by many in the

### Declared policies

Such liberalism does, how-ever, carry risks for the consumer. Property, for example, is a relatively illiquid investment. The unhappy experience of professional investors in pension fund property unit trusts over the past three or four years amounts to a salutary warning here.

It follows that if the principle of caveat emptor is to apply, tively safe way to participate in the disclosure must be of a the securities markets.

THE UNIT TRUST business in standard to convey a genuine framework. It has also, by the may not be redeemable if standards of the banking or investors simultaneously recoginsurance sectors, been relatively free from scandals. nise that conditions in the property market are taking a turn for the worse.

Similarly, it is important for the investor to know whether the decision to disinvest, when prices are falling, is to be taken approach in modifying the prices are larger or left to the criteria for authorising unit by the manager or left to the trust schemes to bring them investor. But there is no reason why investors should not be free to choose between the different trusts. An equally liberal approach

is being proposed for invest-ment in unlisted securities. Once again there are respect able arguments to buttress the case. Unit trusts have the great merit of being able to offer investors protection through a spread of risk. They capital for industry and commerce. To put unnecessary obstacles in the way of the unit trust movement supporting smaller business, whether quoted on, say, the over-the counter markets or not quoted at all, is socially undesirable. Basic character

Other sensible features of the the long-overdue suggestion that dealing commissions incurred by unit trust managers in managing their investments should be disclosed in the

Where the document ventures into more questionable territory is in opening up the possibility of unit trust investment in com-Unit Trust Association, as will modities and fashionable forms the removal of obstacles to the creation of domestic and foreign money market funds.

Declared nolicies public to invest in highly speculative assets would surely run counter to the department's declared intention of preserving the basic character of the unit trust movement. That way lies trouble, together with the pros pect of heavier regulation at some later date. This would hardly serve the interests of the great majority of investors for whom unit trusts offer a rela-

### STOCK MARKET AUTOMATION

# Unsettled by Big Bang

WITH LESS THAN 90 days to the "Big Bang" which will change the London Stock Exchange irrevocably, the stockbroker sighed wearily and reflected on the exasperatingly slow progress his company was making towards a new, computerised settlement system. settlement system.

"Our computer specialist is really very good," he mused.
"It's just that he refuses to be constrained by what he sees as an artificial deadline like Big Bang." Artificial Big Bang may be, but it still seems inviolable. Mr Patrick Mitford-Slade of

Cazenove, chairman of the pro-jects committee of the Stock jects committee of the Stock Exchange, told an audience of worried stockbrokers last month: "We are aware that some firms are facing difficulties and we are doing all we can to help them.

"But let us not be fooled, Big

The deadline is October 27, when the City abandons minimum commissions for stock transactions and so unleashes a string of fundamental changes in British stockbroking.

The present distinction setween jobbers and brokers will cease to exist, new market will cease to exist, new market groups will emerge—and with less reliance on a physical market floor, technology is certain to prove a key factor in firm's competitiveness.
So far the "front office" has attracted most attention with firms installing expensive and sophisticated information and

age.
The "back office" where the checking, accounting and clearing which goes into the settlement of bargains takes place, has been relatively

dealing systems in the hope of

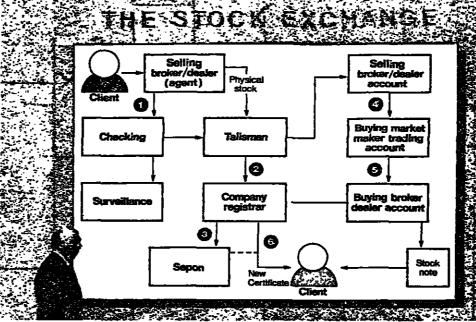
securing a competitive advant-

Yet efficient settlemens y just as, if not more, important to profitable trading than flashy market-making technology for two reasons. First, errors and failures in settlement can be disastrous. The financial community still shudders at the thought of the \$30bn debt the Bank of New York ran up at the Federal Reserve late last year when its settlement computer failed.

COMPUTERISED SETTLE-MENT has been one of the success stories of the London Stock Exchange. The two computers, Charm and Talis-man, one concerned with matching bargains, the other with final clearing, have settled over 27.7m bargains over the first seven years of their existence to a total value of £354.5hn. They have never lost a

day's service and on no more than ten occasions have there been interruptions to the service lasting over three hours.

Only £18,800 has been paid out in that time to settle claims made against the system for faulty settlement. So it was with some trepi-dation that Mr Michael Baker and his team in the Exchange's settlement division approached the task of modifying such a stable system to meet the challenge of Big Bang.



Once a bargain, here shown as a sale of stock with broker/ dealer acting as agent, has been agreed, details are checked, matched and pased to surveillance and to Talisman

(1). The broker dealer, on behalf of his client, delivers the

commissions in London seems certain to show up the cost of

settlement in an unfavourable

Mr Peter Bennett, newly appointed managing director of Financial Clearing and Services (Fics), one of two "clearing members" (a member which does not trade on its own account but clears other companies' bargains) which will be operating in the Stock Exchange after Big Bang, argues that settlement costs in London are too high, at well in excess of

physical stock certificate to a Talisman office which sends it to the registrar of the company concerned (2). He registers it in the name of the nominee company, Sepon, but issues no certificate. The stock is

'dematerialised'' (3).

through two computer sytems, altered to take account of duel Charm and Talisman. As the capacity trading, a larger Charm and Talisman. As the capacity trading, a larger accompanying article indicates, number of market makers, new the introduction seven years surveillance requirements and

to the buying market maker's trading account, so completing that half of the deal (4). and an instruction to the company registrar to prepare a new share certificate in the If the marker maker has sold the stock on, Talisman moves between jobbers and brokers Charm and Talisman have to be

At settlement Talisman moves

the uncertified stock from the selling broker dealer's account

of this central clearing other features of the new marfacility was a major step forward in Stock Exchange automation.

ket structure. The members' own settlement systems must work smoothly with the modi-Individual members have to fied Talisman. to automate the settlement of of Glasgow, has decided to con-accounts between themselves tract out both its settlement and their clients, private and trading administration.

and their clients, private and and trading administration. Last institutional. Their options week it got rid of its front and include using a computer back office and turned instead bureau, installing their own to Broker Services, the second

of clearing member Fics, has had to have a special dispensa-tion from the Stock Exchange to enable it to continue using the computer bursau Central file for settlement well past the date of Big Bang.

Settling after

the BerBarn

HOW THE TALBERN

it into the buning broken

name of the buyer (6).

by many companies.

have been:

dealer's account (5) and issues a stock note so the broker/

dealer can claim from his client

Centrefile. a National West-minster bank subsidiary, at one time the UK's major stock pro-cessing bureau, decided to get out of the business two years ago in the face of unacceptable levelopment costs.

regarded

Hoare Covett, now part of the US financial conglomerate

Security Pacific and the parent

Hoare Govett is likely to continue using Centrefile, however, until the end of the year. It will be Fics' first client, but whit he rics his chem, full delays in software develop-ment mean the clearing mem-her will not be in a position to offer a full service by October

CCF and NMW have been pushed almost to breaking point by the flood of new busi-ness. CCF, for example, now has 25 clients using its package, seven on a bureau basis, the rest on their own computers.
Some firms are clearly still struggling to find a light at the end of the tunnel. But how serious, in fact, is the overall receiving?

After all, the Stock Exchange will not permit any of its members to trade after October 27 without adequate settlement facilities, even if they could find firms willing to risk trading

with them. Will the City be awash with bankruptcies? Mr Michael Baker, Broker Services believes it will be completely ready for head of the Exchange's settle-ment division does not think so. But the position is being closely Big Bang, a situation which, to judge from the nervousness in the market, is not enjoyed monitored.

"Of our 200 or so members. Among the more public only a dozen or so meast big firms—are in trouble in that they still really have a lot of work to do before Big Bang. We are helping them as much as we traumas in the past few weeks can and they know they are on our black list."
"In the last resort, we believe

man Sir Nicholas Goodison, now owned by the French bank Paribas, decided at the 11th hour to abandon plans to build its own back office because of they could be squeezed onto CCF or NMW or we could offer them the state of the system and a company doubts over whether the system a personal computer to input the system and a company doubts over whether the system a personal computer to input the system and a company doubts over whether the system a personal computer to input the system as personal computer the system as personal comp

### A TALISMAN FOR THE FUTURE

Talisman, when it was inaugurated in 1979, revoluthe settlement It simplified it, tionised the centralised the most labourintensive operations in brokers' and jobbers' offices and cut staff overheads.

Member firms settled their transactions only with the centre and had no relationor with the stock registrars. The key to Talisman is a central nominee company, Sepon (Stock Exchange Pool Nominees). All stock sold is transferred into this central

pool and purchasers receive stock from the same pool. Stock is handled entirely in electronic form ("dematerialised") while it undergoes processing in the system. It is materialised again for delivery to the purchaser.

But Talisman was designed for single capacity trading and tuned to the old market structure with a limit of 15 jobbers only for every secur-

There were no facilities

for brokers to trade as principals rather than agent; and there were no facilities for one-sided bargains.

All of that had to be altered and facilities for extra trade reporting — time stamping of bargains, stamping of bargains, whether dealing as principal or agent — added. Mr Baker emphasises the size of the task: "Talisman is not a single system, but a complex interaction of 67 separate sub-systems each a substan-

"There are about three quarters of a million lines of

the 67 sub-systems.

The problem with modifying an old system like Talisman rather than creating a new animal like Seaq is the way changes in any part of the computer code affect other, apparently unrelated parts of the overall system.

systems have had to be altered to fit Talisman for the market after Big Bang.

To date, Talisman has been successfully changed to cater for an increased number of market makers in each security and to allow Invers to trade as principals. Sub-systems for the major part of the work, which will enable jobbers to have available to them all the facilities of brokers and vice versa, are complete and in the middle of service testing. The Taurus project, which ill "dematerialise" share

certificates for ever (so share certificates will simply exist as electronic records in the computer) and a project to centralise all payments between major institutions and the Stock Exchange, are under way, although they will not be implemented before 1988 and 1987 respectively.

That leaves, for comple-tion in the next two months, payment facilities and con-trols to limit liabilities together with changes in some of the sub-systems to reflect the amendments to tax duty brought in by the Chancellor of the Exchequer in the last Budget.

Mr Baker believes, never-

theless, that there is no prospect of falling to meet the October deadline, Estimating the likely volume of bargains after Big Bang is another matter.

Maria

Tauren in

The division forecast an average of 18,000 bargains a day for 1985-86 with peaks in the 30,000 region; in fact, the average was 21,000 with peaks close to 50,000 bargains a day. "For 1986-87, we planned on the basis of an average of whole year with sustained levels of several weeks with the market running at 40,000 bargains a day rising in peaks to 50,000," says Mr Baker.

"In addition we have a con-tingency plan that would en-able us to run at 40,000 bargains a day as an average with sustained levels of 60,000 a day for several weeks. We should be able to cope with maximum peaks of 96,000 bargains a day."

#### Dean condemns foreign print

The spate of "instant" souvenir books on the recent royal nuptials has provoked a furious reaction from Brenda Dean. general secretary of the print union Sogat '82.

Not that she is anti-monarchy or even anti the idea of pub-lishers making a quick killing. In fact, she thinks the wedding of the Duke and Duchess of York — or "Fergie and her fellah," as Dean writes familiarly in the latest issue of the Sogat Journal — offered her book industry members the chance to demonstrate the speed and skill of their work.

What angers Dean is that two of the leading "quickie" books, including one by newscaster and royalty interviewer, Sir Alastair Burnet, were printed in Spain.

"You are quick enough to tell "You are quick enough to tell
us of the superiority and technical skill in your industry (not
unknown for the occasional
labour relations problem)," she
says in an open letter to Burnet.
"So how come a right royal
occasion carrying your name
has to go abroad for its print
and publication?"

She is certain, she goes on, the job could have been done equally well in the UK. Why equally well in the UK. Why so? Because a rival book, published by Weldenfeld and Nicholson and written by TV-AM newscaster, Gordon Honeycombe, was printed in the West Country, got to the bookstalls in good time" and retails for £3 less.

Burnet's book, published by ITN and Michael O'Mara Publications, and a third souvenir, by Trevor Hall and published by Collins, were printed in Spain, says Collins, because it was "cheaper and quicker". Collics claims its product was first in the shops.

This is unlikely to satisfy Dean, who challenges: "Although I'm no betting person, I'd wager a fiver for Sport-Aid against turf fancier Sir Alastair that neither he nor his publisher persons and the same and the s his publisher can show me a book on Spain's King Carlos's wedding produced in similar circumstances in the UK."

### **Men and Matters**

### Waning star

"Respectable, even fashioned"—that is how the free enterprise Economic League describes the Communist Party
—virtually damning it with
faint praise—in the latest of its
nine-part series of publications
on "Revolutionaries Today."

of which clashes between two opposing ideologies of the left and right are made, there is more: "The size, frequency, quality and professionalism of their substantial output of papers and magazines have all improved," the League says admiringly. "No other organisa-tion of the extreme Left can boast such influence, resources

and experience.' More still on Communists, faction grouped around the Morning Star newspaper, or the more liberal Eurocommunist group, which is dominent on the party executive and gathers around the Marxism Today monthly: "They are well motiand must not be underesti-mated."

There's the rub. To the League, which is financed en-tirely by companies' voluntary subscriptions, members of the Communist Party "remain a threat to society"—and its analysis details the party's penetration of institutions on the left."

Among the Shiff properties are the Life building in downton the left."

Among the Shiff properties are the Life building in downton the left."

It "exerts an extraordinary the nighest levels, and "through series of glittering auctions at its contacts and sympathisers in the Labour Party it is playing a prominent role in the realignment of the left which its properties through a planned series of glittering auctions at the Tel Aviv Hilton.

At that point two things ment of the left which its properties through a planned series of glittering auctions at the Tel Aviv Hilton. ment of the left which is gathering pace ahead of the next general election." But despite this, the League

the party's membership has slumped recently, it says there is "no doubt that many younger revolutionaries have opted for the newer and higher profile groups such as Militant"—the subject of the League's next analysis.

### If that seems hardly the stuff Port hammered

Jeffrey Port of Leeds, chief executive of Israel Auction Mart, a newly-formed land and property auction house, has not been having too easy a time in Israel lately.

As the man behind Israel's first property auction in Tel Aviv a few days ago has had to bear responsibility for the event turning out to be a flop. Only two minor sales were agreed of the 60 lots on offer. Already locked in a legal dispute with the chief vendor, Port

has now been barred by a court

from leaving the country until a hefty bill has been paid for promotional advertising. Backed by Swiss investors, the auction company in tended to handle any and all types of property sales in Israel But it was evident that its launch pad was intended to be the disposal of the troubled \$150m property

Shiff made a contract with Israel influence on the trade union Auction Mart to sell all his movement" with supporters at properties through a planned the highest levels, and "through series of glittering auctions at

property market in Israel went into a slump. And some of Shiff's main assets, valued at about \$50m, were put into does not hold out a bright receivership.
future for the CP. Noting that Shiff then Shiff then tried to break his

the Shiff properties were, in fact, sold. Port has slapped in a \$5m bill

to Shiff for lost commission on the properties which went into receivership and could not go under the hammer.

agreement with Port. The result

was the auction fiasco. None of

The property tycoon says he now intends to sell privately to anyone prepared to make him a good offer. To which the auctioneer's reply is short and to the point. "Rubbish. My con-tract stands."

### In the air

The late J. B. Priestley called it "one of the few successful poetic works of our time." And though I would not go so far, I agree that the first edition of World Airways Guide, reissued by ABC International to celebrate its 40th anniversary is not half as prosaic as it sounds.

The picture it evokes of the leisurely life-style of travellers in 1946 contrasts vividly with the experiences of the guide's 85,000 constantly jet-lagged subscribers today.

Those were the days when (according to the guide's adverts) you boarded your airplane with a packet of Bovril sandwiches for refreshment; when you needed a visa for most countries in Europe; and carrying a camera was largely forbidden. For £300, British Airways would whisk you out of London

on a Sunday morning and put you down in Sydney the following Wednesday. Or, if that was a bit too fast, you could take a flying boat from Poole, Dorset, touch down at 13 places en route and land in Sydney on the Friday. Pan-Am charged 8675 for the

London-New York round tripbut the exchange rate was more than \$4 to the £.

And if you merely wanted to nip up to Edinburgh for the weekend (bed, bath and break-fast 11s 6d) you could charter a two-seater airplane for 1s 6d

Observer

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### Letters to the Editor

### Practical solution required for inflation accounting

Economic Forestry Group Sir,—As financial controller of a plc and chairman of the Institute of Chartered Secre-taries and Administrators

accounting and taxation group, I have spent more time contemplating the various attempts and theories on inflation accounting than I care to remember. Wearing both hats I am aware, and supportive, of the need to account for the

effects of changing prices. That said, I too must take 16 was a nice theoretical exerissue not only with your goodself but with the chairman of tical application in many to true and valuable state.

SAP

My company, and my measures for reform which lead Great Haseley, to true and valuable state.

Sir.-I did not recognise the

legal aid system described in

your correspondent's article under Business Law (July 31)

as the system under which I

and many hardworking col-

The reason for the enormous

growth in the cost of legal aid is the increase in public aware-

ness of their legal rights and

their willingness to go to law to further them. It is a market-

led growth. I do not know of

any fellow practitioners who

can spare the time from an

aiready over-booked working

day to spin out interviews with

cheques for legal aid costs is

absurd. The costs draftsman,

whose role is so inaccurately

described, prepares for review

by the court, in a process known

misleadingly as taxation, nearly all legal aid bills save those

that are small enough to be

assessed by that branch of the

Law Society whose business it

is to administer legal aid. By a

similar process the costs payable by the unsuccessful liti-

gants to the successful are

the Legal Aid Fund of the costs

of successful litigation prevents

private funds are financing his

which has effectively taken

their place lays heavy responsi-bility on institutional investors.

This responsibility however is not to be conceived simply

in giving such large increases at a time when the Government was trying to persuade industry

and the public service to refrain from paying over the

would automatically have given them increased tax relief on

their mortgages. Is this what our Prime Minister wants, and can the Government really G. B. Miller.

defend it?

I am a total supporter of the dose Korschenbroich 2, concept of a property owning West Germany.

From the Chairman

Council

Survice 1950 State

and the second second

The section of the

 $q_{i}^{i_{1}\cdots i_{d},i_{d}}=t_{i_{d}},\; \delta_{d}^{i_{d}},\; i^{i_{d}}.$ 

us your

ical

ÇCS

Wider Share Ownership

suit. The net effect is the same. East Sussex.

Last rights of pre-emption

Taxation and the well paid

Sir,-You do well to point out (or least disadvantageous)

(Lex. August 6) that the remethod of raising new capital. The sanction of refusing to vote for the next annual exemption is the weapon they will have to

The system of repayment to

The notion that lawyers can

effect write their own

From Vanessa Watson

leagues operate.

The growth of legal aid

merce would welcome a practical solution to accounting for inflation. The chairman of the ASC is correct in his assertion has consistently drawn attenhistorical cost accounting, and the need for reform.

Where we differ is on the solution to the problem. SSAP

The cost to the Legal Aid Fund is less. So long as the legally-

aided client is properly advised as to the impact of the charge, the existence of it will have a

restraining effect on the blindly obstinate litigant covered by a

lawyers welcome the Report on

legal aid and fear not at all the

Advice Bureau who already do

prevent many emotional and

social problems landing on the

desks of solicitors where they

do not belong. An efficient

symbiosis already exists. Few

lawyers would argue that the

bureaucracy and time-wasting, in

most cases unfairly, should with

all speed be dispensed with.

Let us not replace that out-

dated infrastructure with an

arm of government whose func-

tion would be to decide which

citizen would have access to

I trust those who function it

will be to decide these im-

portant matters will be better in-

formed than your correspondent.

Meanwhile, I shall continue to

labour in the legal aid vineyard,

thankful as always to be paid

within 18 months of conclusion

of each matter and only have 10 per cent deducted for my

High Court work (by the will

tutions should take the lead in

ensuring that directors choose

whatever is the most economical

It is much to be hoped that

this burden will not be carried alone by the Pru or M & G or

the very few other institutions who have an honourable record

smoothly why should we not give every property owner tax relief at the basic rate only? There can really be no good

present maximum mortgage level allowable for tax relief.

Vanessa Watson.

Forge Cottage,

Wadhurst.

state-funded legal services.

legal aid certificate.

mittee (August 7). You are of its stock and work-in-pro-correct in your assumption that a large number of financial of my own industry, the prin-managers in industry and com-ciples were explored in depth with our auditors, and it was accepted that not only would it have been difficult and costly to produce, it could have been positively misleading and would have benefitted no one. This point has been made in submissions to the ASC, and accepted, but I suspect, largely

ignored.

My company, and my insti-

the Accounting Standards Com- respects—especially in respect ments in companies accounts which accurately reflect the economic effects of changing prices. What we will oppose is highly theoretical exercise lating in practical application and value that is meaningless to most parties concerned. I suggest that that is why the financial Press in its wisdom chose to ignore either CCA information or the lack of it in published accounts. F. J. Grimwood. Forestry House.

### Radical change in South Africa

From Mr H. Impeu Sir,—General Obasanjo's open letter to Mrs Thatcher (August 8) is a clear summary of the case of those who wish to see rapid and radical change in South Africa. But its final few sentences should not go unchal-

To state that "the less the external pressure, the greater will be the price to be paid internally " ignores South Africa's history and place in the world as well as making no apparent allowance for its strength and determination. Significantly, the General continues: "Those who seek to

minimise sanctions and their effects will have the blood of thousands if not millions of innocents on their hands and on their consciences. My heart will be heavy but my hands will be clean. Will yours?" It may be tempting to

non sequiturs or hyperbole. But to many, many people they will appear as a commitment to armed struggle and thus as an spine-chilling hypocrisy.

H. E. Impey Chagfords, Pond Road,

### **Designer pension schemes**

Sir,-I feel constrained to reply to Mr L Walker's letter (July 29) concerning pension scheme design which contains

ome most interesting points. Certainly the Inland Revenue maxima are without any logical hasis if one subscribes to the theory that pensions are primarily to provide an income in retirement. In many cases a drop of one third of final salary in retirement can mean, for many individuals, severe finan-cial hardship. Even with a full commutation of one and a half times final remuneration as a tax free lump sum an individual would be hard put to make up for the lost income even by the

most judicious of investment Money purchase schemes are speculative in nature and individuals are induced to purchase on the basis of future fund growth performance and duced such a table using realist contribution levels. I certainly tic assumptions. I suspect that see the point of having a money purchase pension arrangement good idea not being thoroughly underpinning a final salary thought through for which scheme but not as the only politicians in general are to means of providing an adequate blame. pension in retirement. In a As yet group scheme an individual made coknows, within certain parabenefits

in terms of preserving some who have an honourable record fixed percentage of a company's in these matters. share capital. What is much Edgar Palamountain, more important is that the insti- 94 St Paul's Churchyard, EC4. From Mr G. Miller It mation, but I do not believe this Sir,—The Prime Minister is requires that those who earn reported to have been "in- more should get more from the censed" at the astronomical state.

pay rises being offered to investment personnel in anticipation of "Big Bang" in October, and the insensitivity of the City in giving such large increases My concern will be the fate of A. A. Bolado,

the United Kingdom when the Lauson Mardon, proposed legislation on pensions Clifton Down, become law in April of 1988. Bristol.

l can envisage a situation where by insurance companies with attractive literature purporting to show the advantages of personal pensions for income in retirement purposes as opposed to final salary schemes which could be misleading. Even sophisticated financial people might find it difficult to "sift the chaff from the wheat" in many publications issued today by insurance companies regard-ing the relative merits and disadvantages of personal pensions I would wish to see clear and concise comparative tables show ing the income which could be derived from personal pensions group final salary schemes and SERPS before any individual

the welfare of his family to the blandishments of personal pension scheme salesmen. Indeed, I am concerned that the Covernment has not protic assumptions. I suspect that this is another example of a

As yet, no mention has been

pension in retirement. In a group scheme an individual knows, within certain parameters, what he will enjoy as an income when his employment an income when his employment ceases. A money purchase scheme cannot provide this.

I would be most interested to learn what the TUC would think of changing from a final salary pension arrangement for its members as opposed to money purchase.

As yet, no mention has been made concerning non pension has been made concerning non pension at defined benefit scheme is defined benefit scheme is death in retirement payments for widows and dependants for example, which must be costed separately by a personal pension. I suspect that were this to be done personal pension would lose much if not, all of their apparent appeal. many thousands of employees in (Deputy Pensions Manager),

### Government policy winning?

refrain from paying over the refrain from paying over the odds.

I wonder if the Prime Minister was aware of the fact that her tax rules were actually giving these comparatively over-paid people a further increase in their salaries will have put them into the highest tax bracket and, as they were certainly all house owners, this would automatically have given

There can really be no good reason for carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system.

There can really be no good reason for carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give an acceptable reason for having a carrying on with the present totally unfair system, and I doubt whether there is anyone who could give anyone who could give anyone who carrying on with the present totally unfair system, and I doubt whether there is anyone who could give anyone who carrying anyone who carrying anyone who carryin bauer was dismissive of the productivity gains achieved by manufacturing industry in 1980-1981. He argued that there was a break from previous trends in 1980 but that "the breakthrough The tax gained by changing to a system giving basic-rate tax relief only could be used to fund an increase in the mortgage interest tax relief rate for everybody or an increase in the process may may market the state of the system of the state of the system of the state of the system of the syst is seen to have already petered out by the spring of 1981." At that time his research sug-gested no permanent effect on the rate of productivity grown. Now, according to Samuel Brit-tan (Lombard, August 7), Muellbauer and others have com-pletely reversed their previous findings. The latest evidence points to a continuing recovery

From Mr G. Dicks

Sir,—Writing in the Financial trend of which is put at 3 per cent per annum.

By eschewing conventional policies of demand management policies of demand management and focusing on supply-side issues, the Government has attracted much criticism from the "economic establishment." Is it not the case that Muell-bauer's latest findings show that the Government's approach is beginning to bear fruit and does this not suggest that many of the earlier adverse judgements on government policy were also Geoffrey Dicks,

London Business School. Sussex Place NW1

### Shortage of runway capacity at London's four airports

Experience shows that some not more.

12 years of "lead time" is That m 12 years of "lead time" is required between the initiation and the completion of action to solve such a problem. All the evidence suggests that 12 years of "lead time" is required between the initiation and the completion of action to sengers passing through the four airports by the year 2000 inot, at present, contemplated.

That means that 100m paspassengers and 120,000 atms sengers passing through the four airports by the year 2000 inot, at present, contemplated. system in the south-east is likely to be stretched beyond

From Sir Peter Masefield.

Sir, Michael Donne does well to emphasise, (July 29) the Civil Aviation Authority's earlier warning of the serious threat to Britain's future trade and prosperity, as a result of the impending shortage of runway capacity at London's airports, even after Stansted is likely to increase from fully "on stream."

these airports is likely to have doubled. By then, the mix of passenger aircraft is likely to have doubled. By then, the mix of passenger aircraft is likely to passenger aircraft is likely to passenger aircraft is likely to make and Luton, between them, ahead can be seen without much further consideration and debate.

Options for assessment must include a second runway at Sansted (for which there is space) and the re-assessment of stretch to more than about 7m passengers on, say, 50,000 atms. Some small relief can be gained from the projected Dockland the present 100 to about 150: the present 100 to about 150;

from now the present airport dated on sc : 670,000 atms. dated on sc : 670,000 atms. not the end of the story. There Reathrow and Gatwick's cur- will be a continued and ex-

handled almost 50m passengers on some 480,000 air transport assumption, however, might be movements at an average of rather more than 100 passengers on each aircraft; and passenger numbers through these airports have increased by 1.3m (3 per cent) whereas aircraft movements have increased by 20,000 air transport aircraft and passenger than transport aircraft and passenger share increased by 20,000 aircraft and passenger share aircraft and pass have increased by 1.3m (3 per cent) whereas aircraft movements have increased by 20,000 atms, in round figures, might be squeezed through these two aircraft movements have increased by 20,000 (4 per cent).

On middle-of-the-range estimates, by the end of this century passenger traffic through at 22m at Gatwick. On such satisfactory economic and the most convenient solution for travellers and shippers, is that there should be the fewest passenger traffic through and 22m at Gatwick. On such satisfactory economic and the most convenient solution for travellers and shippers, is that there should be the fewest passengers with their 3½ runways. That would equate to about 75m solution are convenient solution for travellers and shippers, is that there should be the fewest passenger traffic through these two aircraft.

basis, Stansted would have to provide for a total of about 18m passengers and 120,000 atms. That could be achieved—but is The year 2000 is, of course,

From how the south-east is likely to be stretched beyond present, or planned, capacity.

In the 12 months, to June 30, close to the maximum that their present runways can handled almost 50m passengers handled almost 50m passengers.

Heathrow and Gatwick's current tombined annual total of panding demand in the London area and though Michael Donne has suggested that there should be a revival of plans for Maplin, their present runways can the runw

added a revival of the civil use of Northolt, made practical by a new, short, runway parallel to the A40—Western Avenue— so as to free Heathrow and Gatsmaller, quiet, commuter air-

There are prospects that, for very long ranges, by then wholly new projects—such as

BAe HOTOL-might modify the requirements Substantially.
Meanwhile, the urgency for action remains. (Sir) Peter Masefield. Rosehill, Doods Way,

Peter Riddell talks to Mr John Patten, the UK Housing Minister

# Testing a political market

A NEW political slogan is about to be launched by the Govern-ment. After the "right to buy" there will now be the "right to

Housing policy is being reassessed not only within the Government but also by the building societies and others closely involved, Mr John Patten, the Housing Minister since last October, stresses the political importance of the shift in an interview on housing policy with the Financial Times. After being "ahead of the game on the right to buy" (the pur-chase of council owned proper-ties by their tenants), he now sees big opportunities for the Conservative Party in rented

and social housing.
The "right to buy" programme has been the cornerstone of Conservative housing policy for a decade. Mr Patten reels off the figures. Since 1979 some 2m people have become owner occupiers for the first time and this autumn the millionth person will take over a property under the "right to buy" legislation. The propor-tion of houses which are owneroccupied has already risen from

57 to 65 per cent. "We've played that tune very hard and will continue to do so, selling about 80,000 to 90,000 houses a year. So we're

very far from having satisfied that demand." he says. However, Mr Patten accepts that the frontiers of occupation are not limitless. It may be possible, he says, to get up from 65 to 70 per cent and then to add several more percentage points through shared ownership schemes (which involve part renting and part outright purchase). But he does not think it is going to be

possible to go much beyond Indeed, building societies, like the Halifax and the Nationwide, have begun to talk of the limits of their business in terms of mortgage lending. Mr Patten says he is "beginning to sense as a practising politician what the building societies are beginning to sense as businesses in looking for a new business market, so we've got to look for a new political market in housing, having won game, set and match on owner occupation.'

The first stage is to broaden

ning Bill has introduced bigger discounts for those buying flats. But the most significant recent job mobility and assist people innovation concerns shared to move from the north to the ownership. At present, there are south, only about 25,000 such schemes Equally significant in Mr every year, mainly involving Fatten's eyes is that shared of social housing funded by the

the rate of return. Two changes have occurred to open up the market for the private sector. First, the Building Societies Act, which became law at the end of last month, allows the societies to hold up to 5 per cent of their assets (an enormous sum) in the form of direct property which they can Government announced in the House of Lords last month that it would be introducing an amendment in October to re-

move controls from the rented portion of shared ownership. The two moves have been co-ordinated and, as Mr Patten stresses, have been made in response to demands from the Housing Corporation and the building societies. He believes they could quickly unlock tens

of millions of pounds He argues that an expansion of shared ownership (cheaper than a conventional mortgage) allows more people to get a foot on the housing ladder and others to obtain a slightly the base of owner occupation. larger property than they could The current Housing and Plan- previously have afforded. He also says it is "very import /." that such schemes should help



Mr John Patten: a gradualist approach. local authorities. The big inownership gets the Housing hibiting factor is that the fair Corporation and the building rent legislation applies to the societies further into the prorented portion, thus controlling the level of rents and limiting those who cannot, or do not all tles in with the problem of what he describes as "the most

ossified rented sector in any western European country." He says that it is a question not just of private or public rented housing but of rented housing as a whole - social housing which can be provided from all sorts of sources.

Mr Patten readily concedes that the private rented sector is "one of the worst minefields of contemporary politics." Government, he stresses, has given "a clear undertaking that we will not legislate in any way on the Rent Act before the next general election and tirre would, anyway, be total security of tenure for existing tenants.

Mr Patten's approach is necessarily gradualist, almost Fabian, moving stage by stage and gaining consent in the process. He points, with pleasure, not only to the acceptance by Labour of the "right to buy" but also to the all-party support for changes in the current bill to extend the limited deregulatenancy scheme to property which has been empty for over a year. The major uncertainty is whether this consensus approach to the "reintroduction

ent impact in reversing its long-term decline. To Labour, Mr Patten's pro-

private sector" will have suffici-

posals are inadequate. Opposition housing spokesman Mr Jeff Rooker, who has been primarily responsible for a major rethink of the party's approach away from traditional municipal housing, argued in a recent Commons debate that much more needs to be spent to build and to repair at a rate faster than the present pace of hous-

Mr Patten denies that the answer is more housebuilding. He points to the need to bring back into use the 600,000 to 700,000 empty private sector houses and flats and the 115,000 empty council-owned

properties He also argues that, in the past, local authorities have spent money on new building without thinking about maintenance which should now be a priority. In reply to a critical report from the Duke of Edinburgh's committee and to an official estimate that £19bn needs to be spent on repairs and improvement, he says While even more in total is needed, substantial sums should come from building

societies and pension funds. This emphasis on repair and the Government is wary of releasing all of the £61bn of accumulated receipts from asset sales held by local councils. In practice, only about £3bn to £34bn is backed by cash. Although the system of capital controls is currently under review, Mr Patten confesses to a somewhat nannying and dirito make a large sum of money since it might lead to supply side problems in the building

political. Since 1979 the Tories bave broken up many of the big council estates which had traditionally provided much of Labour's electoral power base and where many voters who bought their homes switched party allegiance in the 1983 election. Mr Patten is not going to re-create such Labour strongholds as his policy of breaking down tradi-tional demarcation lines between owner occupation and renting shows. When he talks of creating a new political market in housing to match the new business market of the building societies, he is also thinking about potential Tory

### Assicurazioni Generali 1985 Highlights

### from the Report of the Board of Directors

(000 US Dollars)	1985	10#4
Premiums written	2,028.442	1,592,439
Premiums coded	-281,270	-254.054
Net premiums	1,747,172	1,338,325
Net investment income	402.288	312.631
Technical interest allocated to Life funds	-200,655	-145,230
Insurance underwriting result	- 76,312	- 65.311
Sundry income and expenditure	- 10,034	-10,077
Operating profit	115.287	92.013
Profit on sale of properties and securifies	50.821	19,576
Unrealised capital losses on securities	- 6,307	- 12,746
Allocation to reserve for realised		
capital gains to be reinvested	-18,353	-6.565
Taxes	<u>- 38,858</u>	- 23.623
Total other items	- 12.697	- 23.358
Profit for the year	102,590	68.655
Per share (Dollars)		
Profit	0.821	0.549
Dividend	0.358	0.298
Pay-out ratio (per cent)	41	54

All of above-listed figures have been converted at the rate of exchange of Line 1,678 to the US Dullar.

totalled \$ 2,028.4 m of which \$ 618.7 m for Life and \$ 1,409.7 m for Non Life. Total investments reached \$ 4,212.1 m showing a growth of 20.3%.

· Gross premiums written by the Company

- Net investment income totalled \$ 402.3 m showing a growth of 28.7%. The average yield has grown to 9.7%. Realised capital gains generated from the sale of securities amounted to \$ 32.5 m and from the sale of properties to \$ 18.4 m which were allocated to the reserve for realized capital gains to • The year's profit, showing a growth of
  - 49.4% over the previous year, amounted
- to \$ 302.6 m of which \$ 58.4 m for Life and \$ 44.2 m for Non Life. \$ 47.7 m from the year's profit were allo-
- The shareholders' surplus including the year's profit reached \$ 732.5 m showing an

cated to the extraordinary reserve.

- increase of \$ 92.7 m over the previous year. • The dividend amounts to \$ 0.353 per share, showing an increase of 20% over 1984.
- The General Meeting approved the increase of the capital from 250 to 350 billion Lire
- through the issue of bonus shares bearing dividends as from January 1, 1986 - to be assigned to the shareholders in the proportion of 2 new shares for every 5 shares held.

Generali: insurance since 1831

Head Office in Trieste (Italy)



# FINANCIALTIMES

Tuesday August 12 1986

TROLLOPE & COLLS

Construction Refurbishing Management 01-377 2500

Andrew Taylor reports on concern over exports of cheap cement to Britain

### Greeks send UK shipload of troubles

Greek cement, was towed into Tilbury Dock on the Thames in east London. Its arrival provoked a battery of complaints from Britain's three cement manufacturers and prompted a government minis-ter to ask the European Commission to halt Greek government mis-use of EEC approved subsidies.

Britain's cement industry has once again become agitated at the prospect of cheap cement being imported in large quantities into the think UK - even though imports last year fell slightly and account for less ent? than 3 per cent of the domestic mar-

The European Commission decided three weeks ago to take no further action against East German, Polish, Yugoslav and Spanish cement manufacturers found guilty of dumping in EEC markets because it was so minimal that it did not threaten material injury to local manufacturers - including those in

mon pricing agreement and deny traditional export markets in the that they are being over-protective. Middle East and North Africa.

Blue Circle. Britain's largest cement producer, says the arrival of Seament VI made it bring forward its decision to cut the number of its delivery drivers by just under a third to about 600. It says it needs to reduce costs to meet the increasing threat posed by imports of cheap cement into Britain.

The big three, Blue Circle, Rio-Tinto Zinc and Rugby Portland, have combined capacity in the UK

JUST OVER eight weeks ago, Seament VI, carrying 5,000 tonnes of ment a year. Last year sales by the three totalled around 13m tonnes.

> By comparison, imports of cement into the UK totalled only 366,000 tonnes with around two Common Market countries.

So why all the fuss over the arrival of Seament VI? The industry has complained before that cut-price imports are about to overwhelm the domestic market, but the threat has never materialised. Why do they think that the threat of Greek cement imports should be any differ-

Firstly, say the manufacturers, Seament VI is not an ordinary bulk carrier but a sophisticated floating cement terminal which will be The terminal, 12 days sailing from the Greek port of Piraeus, will be supplied by feeder ships capable of carrying up to 15,000 tonnes of ce-

Second, they claim that Greek cement manufacturers, no slouches British manufacturers, in spite of when it comes to exporting, have government investigations in 1963 large amounts of surplus capacity and 1974, continue to operate a com- as the collapse of oil prices has hit

> Third and most important, subsidies available to Greek manufacturers will enable them to substantially undercut prices charged by British producers.

According to the Cement Makers' Federation, the price of Portland cement in Britain with a five-mile devery charge is £43.24 (\$63) a tonne. The comparable ex-works price in Greece is £26.95.

The margin for undercutting Brit-

CEMENT PRICES'

.....71.67 

 Spain
 71.33

 Suroden
 73.55

 W. Gormany
 74.40

Domestic price of comparable quality ordi-Source: Cement Makers' Federation

ish prices is considerable, even allowing for the cost of transporting the cement from Greece to Tilbury

More alarming is that the floating terminal, operated by Seament UK, a British-based company owned by two Lebanese brothers, makes the British market more vulnerable to imports of bulk cement. A second floating terminal, to handle Greek cement and to be moored in Liverpool, is due to arrive in the UK in the next few days, says Sea-

Previously, the heavy capital costs of investing in onshore terminals has deterred importers from pursuing the bulk market. Manucturers like the East Germans and the Poles have tended to concentrate on the bagged market selling to do-it-yourself and smaller

Here importers have found that

ber of small customers.

In Northern Ireland, where Blue Circle is the sole British producer, imports of largely bulk cement from West Germany account for just under a quarter of the local

Mr Jack Shepherd, marketing di-rector for Blue Circle, says a variety of government subsidies are available to Greek cement manufactur-

These include an 18 per cent subsidy on the cost of producing cement for export, a concession allowed by the EEC under Article 108 (3) of the Treaty of Rome and last ar extended until the end of 1986. year extended until the end of 1900. This was part of a package of measures to ease Greece's serious balance of payments problems.

Mr Alan Clark, British Trade Minister, last month asked the European Commission to end immediately the concession on Greek cement exports. This followed warnings from British manufacturers that Greek producers were seeking to import up to 1m tonnes a year in-

Mr Anthony Maynard, sales di-rector of Seament UK, claims the powerful British cement industry lobby has grossly overstated the likely volume of imports and the level at which imported cement will be able to undercut British prices.

"Initially we shall be seeking sales of approximately 300,000 tonnes a year from the two floating terminals in Liverpool and at Tilbu-

costs of delivering to a large num- in a radius of around 25 miles around each port."

The company has not yet final ised its pricing arrangements but it is thought unlikely that it will undercut British prices by more than

"British cement prices, using the Cement Makers' Federation's own figures, are more expensive than in a number of European countries. Do they wish to be protected from ers which enable them to undercut these markets as well? They have prices charged by British produce got very excited about EEC approved subsidies, which incidentalcover a wide range of goods; but these, unless extended again, will run only until the end of the year," says Mr Maynard.

> The unspoken criticism - Seament says it does not want to get involved in a mud-slinging match with the cement industry - is that British manufacturers, cushioned by the kind of common pricing agreement that has not been tolerated in other industries, is once again being over-protective.

> The cement industry says that separate investigations into the common pricing agreements have found that it does not operate against the public interest. Manufacturers say that it has given stability to the industry and helped to guarantee continuity and quality of service. They point out that, since January 1982, cement prices have risen only once, by 4.5 per cent.

Whether the cement manufactur ers are crying "wolf" over foreign imports is another matter. They would argue that the most imporson to be learned from the initial savings have been partially ry. We shall not operate a nation-eroded by the onshore transport wide delivery service but shall sell that the wolf eventually came.

### THE LEX COLUMN

# A flash in the pan

Platinum

5 per Ime ounce

It must be one of the surest signs of international blanket-hugging when the price of gold rises by 10 per cent in a couple of days. Such a move may seem like mere margin crude oil futures market, but for dealers in the hard stuff it has been almost like the good old bad old days: the London gold morning fix took the best part of an hour, and there was a return of the \$2 buy/ sell spread. There were definite signs of alarm towards the \$400 mark, as short positions snapped together with chart points.

It would be tempting to define the frenzy as the moment when the speculators finally became con-vinced that equity and bond mar-kets were a few years ahead of the game. But the more mundane explanation is that even this jagged move in the gold price was plati-num-led. That metal has now gained a further 20 per cent in value over the past week, entirely because of fears of an interruption in South African supplies. If the price is discounting a voluntary punitive cutback by Pretoria it is probably way too high already. Putting the boot on the other foot, it seems almost as improbable that sanctions from the major consuming nations would extend to strategic commodi-

The same arguments applied to gold seem even thinner. Here there is a surplus of supply over demand, the reverse of the platinum market. And in the event of a total shutdown in South African production the Soviet Union alone could meet all the industrial demand in the world with some ease and even more pleasure. There are at least possibilities for the speculative hoarder of platinum to exploit the miseries of the industrial user should South African supplies be cut. Even more mysterious than the gold price rise is a similar rush of blood in silver, plagued as it is by enormous stockpiles and the for-eign exchange hunger of South American producers.

BET's double bid for HAT and like a left and right at two rather low-flying - almost sitting - birds, and more and more like its unsuccessful pot at SGB. Despite the

Gold 1

low-quality business is looking questionable since Hawley started adding to its stake. Whether Hawley has merely built up 22 per cent to prevent BET managing a cleaning business to rival Hawley and Pritchard or will actually bid for Brengreen rather than tender for a

bit more is open to question.

The market has also changed its mind about HAT. Having misjudged the oil market as badly as anybody else, and seen its US painting business and a Houston property development collapse with the oil price and eat up a rights issue to boot, HAT had very few friends left last month: its share price sat squarely on the value of BETs offer. If is now some 10 per cent clear. This may or may not be further in- their money or one likely to show a terference from Hawley, but it profit. looks like BET will have to pay

HAT itself has responded vigorously. Yesterday's sale of the glass businesses for a fancy price to Heywood Williams has not only cleared the balance-sheet of the effects of the Houston misadventure, but shown the profit potential in parts of the group. But whether the in-dustrial cleaning and plant-hire operations can provide the basis of a convincing profits forecast is quite another matter; the market is unlikely to wait for the resurrection of

### Ensign/Berry

the US paint operations.

ever simple, and the story of Ensign might spend their time more profitrust's bid for Berry Trust is becoming progressively more shaggy. The news that UK Provident had sold its 28 per cent plus stake in Berry made a dramatic end to yes-

reflection of UK Provident's present needs that it prefers the immediate sale for £25m in cash, rather than taking Ensign's current share offer or hoping for a higher hid.

Had the sale been to Ensign,

which aiready has 22 per cent or so of Berry, at the offer price, Ensign of Berry, at the offer price, Ensign could by now be claiming victory. Instead, by selling mainly to its old friends GT Management and that group's concert party, UK Provident has evened up the battle. If GT's group sticks together, Ensign can be prevented from winning the 75 per cent it would require to liqui-date or unitise Berry. Ensign's offer per cent of Berry, in which case GT Management would lose the man-agement of the trust, and find control of the 11.7 per cent stake in GT held by Berry pass to seemingly hostile hands.

Neither prospect can be pleasing to GT, or, it argues, to its shareholders. The Berry account is worth less than 2 per cent of total turnover but nevertheless important. As well as that, losing a client, particularly Berry as GT's first trust management job, does not look good whatever the reason. BT shareholders must decide whether investing £5.5m in Berry, and paying a price higher than the average investment trust would merit, is a good use of

#### Insider trading

Of all unrewarding occupations, the pursuit of insider trading must take the biscuit. In the year to March, the London Stock Exchange quotations department examined several hundred fishy price movements; made preliminary enquiries into 108 of them; undertook detailed investigations into 35 of them; and passed 10 of them to the Department of Trade. In the course of the year, one person was prosecuted for insider trading. He was acquitted. Such careful stifting means eith-

er that insider trading is unknown in London or, more plausibly, that No tale of investment trust folk is the Exchange's 40 investigators prove, such as double parking in Old Broad Street. This would be a agreement of Brengreen's manage-ment, even the purchase of such a tions than it answers. It may be a may even improve the strike rate.

### Lawyers, engineers in **EEC** recognition bid

BY HAZEL DUFFY IN LONDON

PROFESSIONAL engineers and lawyers throughout the EEC are seeking separate recognition under proposed European Community rules which will facilitate the movement of professionals who want to practice in a Community country

The European federations of the engineers and lawyers have agreed proposals which they hope will form the basis of negotiations with the European Commission and lead to separate directives. They believe that this would give them greater control over standards of professional practice than if they are included in the general directive drafted by the Commission last

Agreement to recognise the different professional qualifications in the member states is one of the priorities identified in the internal market programme to lift national barriers on the free movement of goods and people within the EEC, which the UK Government is pushing during its presidency of the

The Commission is anxious to was the reason for it proposing a fession since then. Discuss general directive. Negotiation of the start in the early autumn.

separate professional directives like those agreed recently for architects and general practitioners has taken up to 15 years. Lawyers may have a tougher task

than engineers in convincing the Commission of their need for a separate directive. Unlike the engineers, there was no proposal on that for the engineers dates from 1969. It is also believed that French lawyers - although a party to the agreement reached by the European Federation in the late spring after protracted negotiations - have now told their Government not to

press for a separate directive. The Commission's draft directive will also come under close scrutiny in the coming months. Some believe that the generality of its text is deceptively simple and that it will have to specify the professions for which it is intended if it is to be ac-

is keen to achieve mutual recognition in the belief that it will raise the status of engineers, hopes to use the 1969 proposal as a base. It will have to be substantially redrafted, however, because many speed up mutual recognition, which changes have occurred in the pro-

### Japanese groups seek courts' protection as liabilities grow

BY YOKO SHIBATA IN TOKYO AND GORDON CRAMB IN LONDON

THE DOWNTURN in business clition from their creditors.

specialises in small bar products for the construction and civil engineering industries, applied to the Osaka District Court for protection under Japan's rarely-used Corporate Re-habilitation Law, a measure similar to Chapter 11 proceedings in the

In Tokyo, Miroku, a maker of office accounting and information equipment which was among the pioneers of the country's venture capital industry, filed a court application seeking supervised negotiations with its creditors. The engineers' federation, which Liabilities of the two could to-

gether reach as much as Y65bn (\$421.8m). Mr Yukio Ishihara, Kokko's president, said his company owed about Y15bn to some 150 creditors, by far

mate this year across a wide spec- but Teikoku Data Bank, a private trum of Japanese industry was given stark emphasis yesterday when Miroku's liabilities at Y26bn. This two long established medium-sized would make it the biggest collapse companies - a quoted steelmaker of a Japanese venture business, exand an office equipment venture - ceeding the Y24.6bn of debts owed independently sought court protec- by Dainichi Sangyo, a maker of doit-yourself products, which failed in Kokko Steel Works, which

abilities, the total would rise to ning a share flotation. Kokko's shares were suspended

on the Osaka Stock Exchange yesterday after falling to their Y50 par value. In 1973 they were changing hands at up to Y838. The company, established in 1934, has been in defwere up 55 per cent to Y1.34bn, on a of Japanese high technology. 16 per cent slide in sales to Y19.14bn.

by the rec nace industry, while the steep appreciation of the yen since last autumn has devastated its exports which have accounted for between

Miroku gave no similar figures rescue by a larger steelmaker. According to Mr Ishihara, Kokko can continue production in the short term, with sufficient cash flow to last through September.

Mîroku, launched in 1963, was an early success story in Japanese venture capital: an industry which has taken firm root only in the past five years. Industry analysts had In addition, if outstanding guar- held its management in high regard antees were included in Miroku's li- and it is believed Miroku was plan-

Sales in its year to September 1985 reached Y22.9bn, although no earnings figures were available. Its financial position is understood to have been undermined by a Y10br investment in software develop-ment as well as higher marketing icit since 1980, however - pre-tax costs while margins were eroded in losses for its latest year to March an increasingly competitive sector

Last Thursday, Miroku failed to honour a bill for Y1.8bn. It is now The company has been hard hit seeking creditor arrangement y the recession in the electric furwhich parallel the West German "Vergleich" or settlement proceed

Shareholders in Miroku include the largest of which is Tokai Bank which have accounted for between with 80 per cent of the debt total 30 and 40 per cent of its sales by valand a 10 per cent shareholding.

Daiichi Kangyo and Daiwa banks and the Nippon and Daiichi life assurance companies.

### Finance chief quits BankAm

Continued from Page 1

agement changes at BankAmerica mounted last week after Mr Thomas Cooper, president of the bank holding company, and Mr Poelker, abruptly cancelled a briefing with analysts in New York. Wall Street investors reacted ne

gatively to the news yesterday fearing that it would delay BankAmeri ca's long-awaited recovery. Ban-kAmerica's share price fell by \$% to

While Bank analysts generally accepted Mr Poelker's explanation for his decision, they also viewed the move as another indication of the severity of the credit quality problems facing the group.

### Chase unit dropped over 'stags'

WINDSMOOR, THE British cloththe company's shares.
In a brief statement yesterday,

Windsmoor said it was appointing Phillips and Drew, the London securities house, as its new stockbro-Chase Manhattan Securities, a London subsidiary of the New York to switch advisers.

banking group, acted as issuing house for Windsmoor's stock market flotation last month. But it was later revealed that matters that have been fully some staff at Simon and Coates, covered in the press. The change one of two London stockbrokers speaks for itself."

ties, had applied on their own accounts for Windsmoor's shares. over their profits to Chase, which ing manufacturer, has dropped counts for Windsmoor's shares. Chase Manhattan Securities as its They then "stagged" the issue by selling them at a profit in the maral dealings by Chase employees in ket soon after dealing started on Ju-

learned of the affair from a newspaper report.
Mr Brian Green, Windsmoor's

chairman, declined to comment in detail yesterday about the decision tive. We were unhappy with Chase Manhattan Securities because of

He said: "There was no alterna-

will donate the money to charity.

Mr Ron Reading, its London head of securities and trading, has also ruled that in future employees will be forbidden to deal in stocks which the house has brought to the mar-

Chase Manhattan Securities has accepted that its employees were which might have appeared to pro-duce a conflict of interest. Some leading London stockbro-

kers have strict rules which discourage stagging by their em-ployees and forbid it where the house is acting as broker to the is-

### **Interest rates** move expected

Continued from Page 1

It is felt that the Reagan administration needs some tangible evi-dence of help from its leading partners if it is stave off growing protectionist pressure in Congress. Mr James Baker, the US Treasury Secretary, said that the administration was close to losing the battle against protectionism and that, if it did so, a trade war would result.

George Graham in London, adds Foreign exchange markets re-mained quiet yesterday following the meeting between Mr Volcker and Mr Pöhl, with the dollar regaining some of its early losses to close in London at DM 2.0805, down 0.9



### **Detention laws** under review

Continued from Page 1

bid the publication of any "subversive statement" and allow the Minister of Law and Order to seize any publication which he deems to be detrimental to the public interest.

The Durban court's decision to declare clause 3(1) and 3(3) of the emergency regulations invalid and rency value for arranging priority order the release of Mr Tsenoli led investments and 10 per cent for to an adjournment in the Pieter- non-priority investments. maritzburg case until Angust 18 Bankers assessing the proposals when Mr Justice Leon accepted the may also be concerned about the

low the security forces to arrest and has been generally limited to 40 per detain any person without warrant | cent of a busine

### Aquino urges debt swap

Continued from Page 1

The limits would be even tougher in non-priority - but more profitable - investments such as commercial banks, petroleum trading gories, dividend payments would be

barred for four years. The Government plans to charge fees of 5 per cent of the local cur-

plea of government counsel for an adjournment until the implications of the Durban judgment were more clear.

The clauses declared invalid alies of foreign ownership, which

Mr John Reed, chairman of Cit-corp which has \$1.7bn in loans to the Philippines, has told Philip-pines officials of his group's intention to participate in the swap arrangements. In Mexico, the bank recently acted as a broker for a \$50m swap to finance expansion by Nissan, the Japanese car maker Other swaps are envisaged by Mex-

Bankers say the scope for swaps is limited partly because local currency created through swaps could over-expand domestic money sup-ply, potentially increasing inflation. But the principle of debt-equity swaps has been given a boost by the Baker plan designed to ease the debt crisis by fostering economic

ico's debt rescheduling agreements.



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# SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday August 12 1986

Investment

bank buys

Rent A Car

TRANSAMERICA Corporation, the

San Francisco-based insurance, lea-

sing and services group, announced

the first step in its planned divesti-ture programme with the sale of

Budget Rent A Car to Gibbons,

Green Vanamerongen, an invest-

ment banking company which

heads a Budget management group.

Gibbons is paying \$205m cash and assuming Budget's existing debt of about \$296m. Budget op-

erates the world's largest franchise

vehicle rental system but rates

shout number three in direct vehi-

cle rentals in the US, with revenues

Budget's current management is

participating in the deal, and Gib-

ons intends to provide "substantia

additional financing" for the rental

company's continued expansion and growth. Transamerica will re-

ceive warrants exercisable for five

ears, offering it up to 10 per cent of

the new Budget company. The Budget deal, if completed, will bring to

about \$1.1bn the total of leveraged

operations arranged by Gibbons

Transamerica said earlier this

of \$332m last year.

**Budget** 



والمرابعة والوالوالية والمحار المرابع والمرابع

PROBLEMS AT ALLEGHENY INTERNATIONAL

# Why the buck stopped at Buckley

BY TERRY DODSWORTH IN NEW YORK

IN THE DAYS when Mr Robert Buckley seemed to be doing all the right things as the flamboyant new chairman of Allegheny International (AI), the Pittsburgh-based company developed a nice line in glossy Buckley seemed to be doing all the

The vivid photographs and confident prose spun a story of a group that was determined to expand and knew where it was going. "Your management is vigorous and agtinuously around \$190m a year, gressive" shareholders were told in pite all efforts to reduce debt. 1980. A year later, Mr Buckley explained his policies of assu heavy borrowings for a spending spree which had brought two internationally-known consumer products companies, Wilkinson Sword and Sunbeam, into the group.

"Allegheny will continue to utilise 1977, when Mr Buckley became leverage to enhance the total return chairman of AI, Wall Street largely to its shareholders," he said. The acquisitions, he added, were part of a policy of balanced diversification which had put the company "in the enviable position of being able to sustain earnings in good years and

Mr Buckley's suggest a very at the end or last week pure. ..... different light on the diversifications and the borrowings - to say

His departure followed a thumping \$109m loss in 1985 after three years of rapidly declining earnings,

YEAR	SALES (Sm)	NET INCOME (\$m)
1981	1,622.3	81.0
1962	2.587.2	47.3
1983	2,067.8	28.3
1984	2,093.4	14.9
1985	2,056.7	(109.1)

And he left the company pursued shareholder unrest and a suit d against the directors for "selfdealings, waste of corporate assets, and grossly improper business deci-

tinuously around \$100m a year, des-

What went wrong? Back in late approved of his strategic plans. He inherited a company which was heavily involved in steel and metals fabrication, and well before many larger companies saw the need to shift assets out of these areas, he was aiming to divest.

In 1980, AI changed direction decisively with the sale of Ludhum Steel and a series of four acquisitions which took the group deeply into consumer products for the nome and garden. By 1981, sales from these divisions totalled almost \$900m, with a product range from kitchen appliances to electric blan-

from smokestack America before it was in trouble," said the company at that time.

On the face of it, the diversification had left AI with a well spread portfolio, with the household goods activities balanced by high-value special metals, products for the aerospace and computer industries, and a range of specialised industrial products - carbide cutting tools, x-ray equipment, water purifying systems and thermostats.

AI, however, found it increasingly difficult to live with the debt taken on principally for the \$534m acqui-Mr Buckley's plans was to sell bits ies he had acquired to reduce the debt to bearable proportions, but analysts say that the companies he bought contained such a hotch-potch of assets, and had so many poor-performing divisions within them, that AI found it diffi-

cult to clean them up.

ure to act has been laid at the door of the chairman. Part of the problem seems to have been the gran-diose ambitions Mr Buckley had for the company. Two years ago he told Business Week magazine that by 1989, "when he will be 65, Al would be generating "\$5bn in sales" - a lofty target for the group with revenues last year of \$2.1bn, down from \$2.66n in 1982.

In the last 18 months, AI has sold off some substantial assets, including its half stake in Titanium Metals, and its West German-based Rowenta kitchen appliances divi-sion. But Mr Buckley has conceded that he probably acted too late to balance his acquisitions with divest-

Just as significantly, the extravagant management style established by Mr Buckley, a buccaneering personality who once had ambitions to be an opera singer, seems to have aunched the company into a period of policy drift. Wall Street began to turn off to the group at least three years ago, partly because it began to see Mr Buckley purely as a

It is not clear as yet what will happen to the shareholder suit. But the smooth transition to a low-key new chairman, Mr Oliver Travers brought in from a successful spell in the consumer products division, looks set to put the company on a less turbulent course for the future.

year that it intended to trim its operations down to the core insurance and related businesses by selling off Budget Rent A Car, Transamer ca Airlines and Delaval, a diversified manufacturing company. An executive of the California

based group said that while "active were being made to sell Delaval and Transamerica Airlines, no deals had been struck yet. The sale of Budget will bring

Transamerica an after-tax gain of about \$50m on completion, which is expected on September 30. Budget's perations, like those of the other wo divisions planned for disposal, were classified as discontinued last year and thus excluded from Transamerica's total revenues of \$5.6bn.

### Accountants press for merger to form world's largest practice

SEVERAL international accountancy firms are trying to persuade KMG, the international practice that has a particularly strong European base, to agree to a merger to produce the largest worldwide accountancy business.

Mr Bill Morrison, managing partner of KMG Thomson McLintock, the British arm of KMG, said yes terday that several firms had "left their calling cards." But he declined to confirm or deny strong industry speculation that the interested par-ties included Peat Marwick, Ernst & Whinney, and Arthur Andersen.

Those three firms are among the Big Eight" international accountancy practices. A merger with any one of them would create the largest worldwide organisation, with annual fee income of more than \$2bn. Arthur Andersen, at present number one, has international fee

income of around \$1.6bn. Last September, Peat Marwick ld inconclusive merger talks with KMG. One obstacle in the talks centred on opposition from KMG's European affiliates, who were concerned that their prominent role might be undermined in a big merg-

KMG's international organisation, Klynveld Main Goerdeler, based in Amsterdam, has clients such as Royal Dutch/Shell and Akzo, the Dutch chemicals business. West German clients include Daimler-Benz, BMW and Siemens.

yesterday that a letter suggesting a June, Thorne Riddell, a Torontobased affiliate of KMG, agreed to 1984.

merge with the Canadian associate of Ernst & Whinney.

Mr Jim Butler, senior partner of Peat Marwick in the UK, said yesterday that no formal merger talks with KMG were taking place. He reaffirmed Peat's previously stated view that any such merger "must make strategic sense" and said that Peat had kept in contact with KMG.

Over the past two to three years the accountancy industry has heard regular rumours of mergers, with many firms arguing that size is the best way to gain new audit clients. The difficulties of merging international accountancy practices range Mr Peter Godfrey, senior partner from cultural differences to rivalof Ernst & Whinney in the UK, said ries between national partnerships and fears of Anglo-American dom worldwide merger of the two firms inance within a new group. An athad been sent to KMG, but so far tempt to merge the international there had been no response. Last operations of Price Waterhouse and Deloitte Haskins Sells foundered in

### UK group forced to alter acquisition terms

BY LIONEL BARBER IN LONDON

Prudential Assurance and M&G Investment Management, have again forced a UK public company to revise the terms of an acquisition in avour of existing shareholders.

Heywood Williams, glass and aluminium specialist, said yesterday that it had altered the financing of its £23m (\$34.04m) deal to buy HAT Glass from HAT Group and UBM Glass from Norcros following pres-sure from several institutions, led by the Prudential and M&G.

Under the revised terms, existing Heywood shareholders will have the right to "claw back" 100 per cent of the new shares issued by Heywood to finance the two acquisi-tions. Before institutional pressure, Heywood, advised by Lloyds Merchant Bank, had proposed selling some of the new shares to outside

TWO LARGE UK institutions, investors, the so-called vendor placing method of financing. Last week, Boots, the UK retail chemist and pharmaceuticals man-

> cent clawback when it issued 184m new shares to raise £377m to pay for Flint Laboratories, a drug man ufacturing subsidiary of Baxter Travenol Laboratories, of the US. Mr Jim Findley, senior invest ment manager at the Prudential

ufacturer, offered a similar 100 per

said he welcomed Heywood's decision to alter the financing. Heywood is paying £10m for HAT the end of the week.

Glass, the parent of which is contesting a £93m bid by BET, the diversified industrial services group. It is paying £13.5m for UBM Glass acquired by Norcros , the building products group, which acquired

### **Argentine** airline to be sold off

By Tim Coone in Buenos Aires

AN ARGENTINE state airline, Austral is to be placed on public offer "within the next 15 days," according to Mr Norberto Bertaina, one of President Raul Alfonsin's top officials charged with organising the privatisation of Argentina's state ector companies.

The sale of Austral "is very important to us as the success or failure of the sale will influence the future of the whole privatisation plan," he said. Presidential approval of the decision is expected before

The company ran up debts estimated at \$200m, which have now been absorbed by the state. Austral operates about 20 within Argentina with eight BAC 111s which were purchased between 1970 and 1973 and three

leased DC-9/80 aircraft.

### Sale of Wilkinson Sword in prospect

BY ALICE RAWSTHORN IN LONDON

THE MARRIAGE between Allegher of though Sunbeam, which it took "But it has not received an adequate over in 1981, and Rowenta, until its continuous contin er of matches and shaving products which forms the base of its interna- is an ambitious hope. My immeditional division - has rarely been a

happy one.
Allegheny's early attempts to buy into Wilkinson Match, as it was when Allegheny acquired Wilkin-called when it was a publicly quoted son Sword as the spearhead for its called when it was a publicly quoted company on the London Stock Exchange in the late 1970s, met pro-tests by institutional investors. The eventual takeover in 1980 provoked a stock exchange highly into insider dealing. Now Wilkinson Sword is engulied by the cloud of controver-

naging director, "But I suspect that ate concern is for staff morale and

trade relations.

All this is a far cry from 1980 expansion into international con-

fered badly from its failure, to re-spond to the introduction of the disposable razor by Bic the French group, in 1977 - perceived Allegh-

Wilkinson Sword is now on a firmer footing, although it is impossible to gauge the company's overall performance given that different areas of activity are consolidated within different Allegheny divisions. Analysts estimate an inin turnover from \$300m to sumer goods. \$330m between 1984 and 1985 and a wilkinson Sword – which had suf-\$330m between 1984 and 1985 and a but many of the problems that pla-

gued the company before the Al-legheny takeover still persist.

Under Allegheny's ownership Wilkinson Sword has combined

These securities have been sold outside the United States of American and Japan. This announcemen

Sword is still trapped between the US group, Gillette, which domi-nates the upper end, and Bic at the lower end. Mr Fletcher claims sales growth

of between 5 per cent and 10 per cent a year. But much of this has been gleaned incrementally from expanding into new national marets, such as Japan and Brazil, with the high start-up costs that entails. Meanwhile in matches Wilkinson Sword has clung to its dominant share of most of the major markets,

This announcement appears as a matter of record only.

AUGUST 1986

£75,000,000



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11th August, 1986 OSAKA GAS CO., LTD. (Osaka Gas Kabushiki Kaisha) U.S.\$50,000,000 8<sup>1</sup>/<sub>4</sub> per cent. Notes 1993 Issue Price 101% per cent. **Nomura International Limited** Manufacturers Hanover Limited Daiwa Bank (Capital Management) Limited Swiss Bank Corporation International Limited Sanwa International Limited Chase Investment Bank **Banque Paribas Capital Markets Limited** Daiwa Europe Limited **Chemical Bank International Limited** IBJ International Limited Hill Samuel & Co. Limited **Morgan Stanley International** LTCB International Limited J. Henry Schroder Wagg & Co. Limited The Nikko Securities Co., (Europe) Ltd. Yamaichi International (Europe) Limited

Ian Rodger reports on doubts about the prospects for Japan's offshore market

### Bankers cool on Tokyo's new status symbol

before the planned opening date of December 1, there is considerable debate about whether it will become a main pole in the much discussed round-the-clock worldwide financial markets of the future or remain just a status symbol.

a status symbol.

The Government believes the market will get off to a flying start with outstanding loans rising quickly to \$150bn. But many bankers fear that the rules regulating the market's activities have been drawn so tightly that few banks will want to participate.

to participate.
"It will be an even smaller baby than I expected," Mr. Yusuke Kashiwagi, chairman of the Bank of Tokyo, said recently. Mr. Kashiwagi headed a compittee of bankers which a committee of bankers which last year made recommendations to the Government on the years ago. structure of the offshore For exa

Foreign Bankers in Japan, says of the offshore market: "It may not be a dead baby, but it will certainly not be a very lively Difficulties are inherent in

the very notion of offshore banking markets. They exist to enable banks and investors to avoid or minimise taxes on avoid or minimise taxes on income from their transactions. All governments hate foresaking tax revenues, and the Japanese Government, with its relatively low tax income (24.5 per cent of national income in 1984) is particularly nervous about any leakage.

per cent of national income in 1984) is particularly nervous about any leakage.

However, pressure for setting up an offshore market in Tokyo has been growing since the liberalisation and internationalisation of the yen began two years ago.

For example, now that the index of restrictive regime that will begin in a few months. The Government has decided, for example, that banks will in the offshore market because the call market is not tax exempt. The Government dismisses investment banks, including in the market will not be subforeign hanks, than commercial in the market will not be subforeign hanks, than commercial in the market will not be subforeign hanks, than commercial in the parket as the \$80bn call market in Tokyo with the offshore market because the call market is not tax exempt.

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The Government has decided, for example, that banks will is not tax exempt.

The Government banks, including in the parket in Tokyo with the offshore market because the call market in Tokyo with the offshore market because the call market is not tax exempt.

The Government banks, including in the parket because the call market is not tax exempt.

The Government dismisses in the parket because the call market is not tax exempt.

The Government dismisses in the parket because the call market is not tax exempt.

The Government dismisses in Tokyo with the offshore market because the call market is not tax exempt.

nominated, Japan's big commer-cial banks, which have branches abroad, have a significant advantage over the 61 regional banks in competing for this business. The Tokyo offshore market would be open to all authorised foreign exchange banks in Japan and so should be a significant benefit for the regional

Moreover, the Japanese banks would like to see the Euroyen markets centred on Tokyo rather than London, although this seems unlikely to happen under a restrictive regime that

TOKYO IS about to acquire one market, "We are not getting as of the major status symbols of much as we hoped," he said.

In which an increasing number in which an increasing number in which an increasing number of international syndicated will have to keep their offshore before the planned opening date chairman of the Institute of nominated Japan's big commerciate to the transfers permitted to the parent bank.

The banks' major complaint is the maintenance of Japanese corporate tax rates, which are very high, in the offshore market. Mr Hofer says a bank will have no incentive to book a transaction in the Tokyo offa transaction in the Tokyo off-shore market, where the tax rate will be about 60 per cent, when it could do the same deal in Singapore, where the tax rate is only 10 per cent. Similarly, there will be no unification of existing markets

any other tax. Mr Toyoo Gyohten, Vice - Minister of Finance for international affairs, said recently that he was optimistic that the market would start out initially at around \$700n in outstandings and rise quickly to \$150bn, similar in size to the Singapore offshore market.

The final regulations for the The final regulations for the market will be published sometime this autumn and then banks will be invited to apply for licences. "I am not sure we would go through the hassle of applying." Mr Hofer says. "I have not met any foreign banker who says he will participate, but then I have not met anyone who says he will met anyone who says he will not."

Even if the market gets off become strong eventually. The Japanese are well known for advancing cautiously until they know the way and then becom-

### Good year for Bell associate

By Robert Kennedy in Sydney J. N. TAYLOR HOLDINGS, 48 per cent owned by Mr Robert Eolmes à Court's Bell Group, has followed the impressive results from its stablemate Bell Resources last week by reporting a profit increase from A\$2m to A\$11.18m (US\$6.8m) in the year to June.

The net profit was divided roughly between dividend income, the result from its woollen mills and marine equipment operation and the

equipment operation and the gain on the sale of a holding in G. J. Coles, Australia's biggest retailer. The results for Bell Re-sources and Taylor augur well for Bell Group's 1985-86 earnings, expected next

By Our Financial Staff THE PARIS stock exchange is to extend its experiment in continuous trading later this month as part of the campaign to modernise the bourse's image. Eight stocks will be added to the seven currently traded throughout the day, the Stockbrokers'

attractive to foreign investors who have been actively buy-ing French stocks in recent months and who are expected to participate in the planned privatisation of 65 state-held banks and companies over the

block morning session for selected leading shares was introduced to complement the main trading session, which runs for two hours to 14.30 local time. In June five smaller stocks began to be traded experimentally over a committee to the complete traded experimentally over a committee to the committee that the committee to the committee that the commi even-hour period each day. bridging the morning and afternoon sessions. Two fur-

### Y50bn Eurobond for Hillsdown in £100m Nippon Telegraph paper

NIPPON Telegraph and Tele-

phone (NTT) yesterday launched a Y50bn 10-year issue into a firm Euroyen market. The bond was enthusiastically received and traded well within its feet HILLSDOWN HOLDINGS, the fast-growing British food and furniture group, yesterday announced a £100m sterling Nomura International,

This amount of borrowing

has created some disillusion-ment with new Denmark paper.

However, yesterday's deal, a "reverse" floating-rate note, had been largely pre-placed with Japanese investors and so

should not have been affected

8 per cent. The Eurodollar market was

firm as US Treasury bonds railied in New York. No new

fixed-rate Eurodollar bonds emerged, however.

FT INTERNATIONAL BOND SERVICE

its first entry into the capital markets. CIBC and Kleinwort lead-manager, attributed NTT's lead-manager, attributed 1411 success to a growing interest in the Euroyen market among European investors, reducing the proportion of dollar bonds in their portfolios. So far buying has generally focused on soverign issues, because these have offered the most liquidity. NTT's bond's attraction lies in its issue size of Y50hn, which is Benson will act as dealers.

The programme is the latest in 2 series from well-known British companies which are steadily giving momentum to the market which saw its first issues Mr John Jackson, Hillsdown's finance director, said he ex-pected the sterling CP market its issue size of Y50bn, which is large for this market, and in

to develop rapidly, and that it would provide an alternative source of funding, particularly if, as some expect, bankers' fact that its name is widely NTT's 5½ per cent bond was bid yesterday at a discount of only one point to its 101½ issue price, well within 2 per cent acceptances become a more ex-pensive means of raising finance in the future. ees. Elsewhere in the Euroyen Acceptances, currently the major source of bank funding Elsewhere in the Euroyen market, Denmark borrowed Y10bn through a deal lad by Morgan Stanley. This is the second Euroyen deal for Denmark in the last fortnight, and comes hot on the heels of two dollar Eurobonds, totalling

for Hillsdown, were still generally cheaper than sterling CP. he said. But the growing number of household names in the new market were likely to make it more competitive.

programme

commercial paper programm

Hillsdown saw no immediate need to obtain a credit rating. Though it plans to issue sterling CP only when the rates are competitive, it is likely to make a small issue soon to test the

According to a recent report from Samuel Montagu the volume of sterling CP issued quadrupled in July to stand at nearly £250m by the end of the month from £60m at the end of two By the end of July balf June. By the end of July, half of the 22 announced programme had been activated. Rates on the paper averaged close to Limean, the mean between London interbank bid and

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The floating-rate note market The moring-rate note market is showing signs of indigestion given the large amount of paper issued recently. The sector traded dully, although Morgan Guaranty issued a \$25m tap of an existing bond for Chrysler, totalling \$125m.

A floating-rate note for Hydro-Quebec is expected soon. In the equity warrants sector wako International (Europe), in its debut lead-management, launched a \$50m deal for its parent, Wako Securities. The five-year issue has an indicated coupon of 27 per cent, but terms will be fixed on August

Wako's bond traded above its Wako's bond traded above its par insue price yesterday. Other recent equity warrants bonds for lesser-known Japanese companies, however, traded poorly. A recent issue for Dainatsu Motor, for instance, was quoted at a discount to issue price of about 10 points.

Two five-year Cauadian dollar bonds, both with issue amounts o f C\$60m, were launched. Citicorp issued a bond for Landesbank Schleswig-Holstein. The bond has a coupon of 9½ per cent and price of 1014.

In the D-Mark market prices In the D-mark market prices rose by about 1 point. The market was encouraged by the strength of New York markets and continuing hopes of lower interest rates. Dealers say investors are showing increasing inetrest in longer maturity

by this.

The five-year bond pays interest according to a formula so that coupon payments rise as six-month Yen Libor falls.
The first coupon was fixed at bond market, prices generally rose in increased volume. An issue for NTT traded at 1015 compared with 101 on Friday. The primary market, however, was quiet. Today a SFr 250m issue for the World Bank is expected to be launched by Swiss Bank Corporation.

#### Temora lease for Paragon Resources

By Kenneth Marston,

PARAGON RESOURCES, formerly Seltrust Holdings, has received a mining lease for its Temora open-pit gold venture in New South Wales. Finance for the project has been arranged with the help of forward gold

Commissioning of the treatment plant is due to start towards the end of January. First-year mine production is expected to be at least 45,000 oz gold plus 60,000 oz silver.

Meanwhile, Austwhim Resources produced an inter-

5,977 oz of gold in the June quarter at its new Cork Tree Weil mine, near Laverton in Western Australia; annual capa-

Estimated ore reserves have been downgraded at the 500,000 tonnes-per-year Harbour Lights open-pit gold operation at Leonora in Western Australia of Carr Boyd Minerals (39 per cent) and Esso (50 per cent).

Following lower-than-expected head grades, an independent survey of the reserves estimate that to an open-pit depth of 120m there are 720,000 tonnes of oxide ore grading 3.3g gold per tonne plus 2.46m tonnes of sul-

### Futures group in \$52m placing

BY DAYID OWEN IN CHICAGO

REFCO GROUP, the parent of the world's largest futures commission merchant, has moved to consolidate its finan-cial structure by making a \$52.5m private placement of seven-year unsecured senior

Merrill Lynch Capital Markets acted as sole agent in

interest rates favourable environment, with proceeds to DLJ Futures Group.

be used to replace existing short-term working capital loans and for general corporate

As of end May 199 had capital of \$117m assets of some \$1.3bn.

According to Mr Tone Grant, the past two years, absorbing company president, the financing takes advantage of today's Grain and Financial Futures, in rapid succession Chicago Grain and Financial Futures, ContiCommodities Services, and

As of end May 1986, Refco had capital of \$117m and total assets of some \$1.3bn. Its other Merriii Lynch Capital purposes.

Markets acted as sole agent in The group, a member of all activities include round-the-arranging placement with a major futures, options and group of 10 institutions. The securities exchanges world-notes are due August 1993. wide, has expanded rapidly in and options funds. activities include round-the

### Setback for Gefco and Msauli

BY JIM JONES IN JOHANNESBURG

(Gefco) and Msauli, the two match expectation during the fears.

quoted South African asbestos remainder of the year.

Gefco's first-half turnover was producers, continued to suffer from declining sales volumes in the first half of the year and are uncertain when market conditions will improve.

Gefco, which is the world's only producer of blue asbestos, (crocidolite) and amosite, reports that sales were less than expected and that stocks continued to rise even though the Pomfret mine was closed. The

Msauli recently commissioned Msauli recently commissioned new shaft systems and, as a result, increased production of chrysottle asbestos fibre, by about 2 per cent. However, sales volume was about 6 per cent lower than in the corresponding period of 1985.

Both companies say that sales revenues benefited from the weaker rand, but profit margins were affected by dollar directors warn that further price concessions. Sales of rationalisation of production asbestos fibres have been partiasbestos fibres have been parti- largest mining house.

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GRIQUALAND EXPLORATION may be needed if sales do not cularly depressed by health R41.8m (\$16m) against R43.3m in the first half of last year while Msauli increased sales to R16.8m from R16.3m.

Msauli's first-half net earnings dropped to 26.4 cents a share from 41 cents. A dividend was last paid in 1984. At Gefco, earnings fell to 18 cents a share from 2.6 cents and the interior divided has been get interim dividend has been cut to 7.5 cents from 10 cents. Both companies are managed by Gencor, South Africa's second

offered rates.

However, the apparent strength of the Holmes a Court empire might be ominous for the management

of Broken Hill Proprietary (BHP), his long-standing tar-(BHP), his long-standing target. In the past fortnight, as analysis moved to adjust unwards their earnings fore-easis for the stable members and concentrate on the latest state of the BHP play, Bell Resources shares have jumped from A\$3.75 to A\$4.35, Bell Group from A\$8 to A\$8.80, and Taylor from A\$5.40 to A\$6.20.

At the same time the brief its stock to \$8.35, and was prompted mainly by Mr Holmes à Court's proxy trans-fer to Mr John Elliott's Elders IXI., has subsided to leave the shares yesterday at

The upshot is that a share offer for BHP by any member of the Holmes a Court stable has become that more attrac-tive in the past two weeks. The group is thus in the position to offer cash to the small private holders and an attractive paper alternative to the taxable institutions.

Taylor received a A\$190m equity injection from a preference share issue in May which, with existing shareholders' funds of A\$60m, has put Taylor in the position to be able to gear up for the size of takeover bids previ-ously undertaken by the other Holmes à Court stable members.

BHP officials s≥id yesterday that production from the new Jabiru oil field in the Timor Sea off the north-west coast of Australia had begun, and the first sales of the new and the first sales of the new crude are expected before the end of the month. AP-DJ adds.

BHP, with 50 per cent of the operation, is the operator and marketeer for the crude, its partners include Exxon, Names Related 11. Norcen, Peko Oil, Ampol Petroleum, Brenda Oil, and

### Paris trading experiment to be extended

the day, the Stockbrokers' Association said. The move is partly aimed at making the bourse more

Last March a 90-minute

ther stocks were added later.

# Listed are the 200 latest international bonds for which there is an adequate secondary market Thyssen 74, 90 F) Wereldhave 71, 90 F) Wereldhave 71, 90 F) Wereldhave 71, 90 F) Amev 11, 93 E Amev 11, 93 E Amev 11, 93 E Imp. Chem. Inds. 10 93 E Imp. Chem. Inds. 10 19, 92 E Imp. Chem. Inds. 10 19, 93 E Imp. Chem. Inds. 10 19, 93 E Imp. Chem. Inds. 10 19, 92 E Imp. Chem. Imp. 10 19, 92 E Imp. Chem. Imp

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The prices over the past week were supplied by: Kredletbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsch Luxenbourg SA; Bangue Internationale Luxenbourg; Kredletbank Luxenbourg Chemical Bank Noderland NV; Pierson, Heldring and Pierson; Credit Sustse/Swiss Credit Bank; Ba

+23, +23, +33, +33, +34,

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August 1986

### INTL. COMPANIES & FINANCE

FOOD GROUP MOVES DECISIVELY TOWARDS A UK COMPANY

### Goodman cool on RHM ambitions

BY ANDREW GOWERS IN LONDON

ond

MR PAT GOODMAN has every reason to be pleased with his first shopping trip to London. Before leaving for Honolulu recently the ters at Windsor, just outside Lon-amiable New Zealander who is don. Sir Peter Reynolds, the chairchairman of Goodman Fielder, the Australasian food group, spent £107m (\$158.3m) to buy what he calls a "strategic" 14.6 per cent stake in Ranks Hovis McDougall, the UK flour milling and baking

Until two weeks ago, the group he heads - created earlier this year by the merger of two Australian compenies with the company he built up through a series of acquisitions in New Zealand - had hardly been heard of in Britain, despite being the largest food manufacturer in Australasia. It is now the largest single shareholder in one of the UK's biggest food companies.

Nor, apparently, was his visit to Britain intended to be the last. Tregard this deal as more significant than any other we have done," he said. "In no way will this be our last

investment in Europe."
Goldman Fielder's RHM coup follows another, more celebrated Antipodean incursion into the British food industry: last year's bid for Alhed-Iyons by Elders IXL, the Australian brewing-to-banking group which intriguingly – is linked to-Goodman via a cross-shareholding.

But on the surface at least, Mr Goodman's style could hardly be more different from the brash approach of Mr John Elliot, the Elders chairman whose attempt on Allied is still being considered by the UK Monopolies and Mergers Commis-

"We want to take a more gentle, inefficient at a time of stiffening conciliatory approach," he claims, competition in world markets. Part "We want to avoid confrontation, of the mantle of protection with

BY YOKO SHIBATA IN TOKYO

Net profits were down 20.4

per cent to Y2.51bn, on turn-

over of Y105,33bn, a dip of 0.4 per cent. The poor performance

was blamed on the rise in the rate of products returned from

gold mining firm, Chevron Corpora-

Interest Period

2000年 (日本の 1000年 ) 1000年 (日本の

Interest Amount per

U.S. \$5,000 Note due

11th February 1987

the half-year to June.

Renown earnings plunge 23%

Montana mine project plan

tion and Manville Corporation; both terest and Chevron is operator. The

of the US, are going ahead with de-velopment of the Stillwater plati- 1987 at an initial milling rate of 500

U.S. \$60,000,000

Banamex

Banco Nacional de México. S.R.

Floating Rate Subordinated Notes Due 1992

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LAC MINERALS, a big Canadian in Montana

num and palladium mining project tonnes daily.

RENOWN, a leading Japanese retailers to 20.8 per cent from clothing wholesaler, suffered a 18.8 per cent, an increase in

23.2 per cent fall in pre-tax sales staff, expenses from the profits to Y4.61bn (\$29.9m) in completion of the Osaka branch

We want to build a long-term rela-

Over at RHM's leafy headquardon, Sir Peter Reynolds, the chairman, and Mr Stanley Metcalfe, the managing director, are not amus They were furious when S & W Berisford, the commodity trading

and processing group, sold its stake to Goodman at the end of last month without so much as a byyour-leave. Mr Goodman did not consult them either: he knows their answer would in any case have

So what is the Goodman Fielder group? And what does it want with RHM? Is its intention really to seek irlendly co-operation - or some thing altogether more predatory?

Goodman Fielder was created in the spring of this year with the merger of Fielder Gillespie Davis and Allied Mills of Australia with the Wellington-based Goodman group. This created a food group with total turnover of A\$1.3bn (US\$805.5m), market capitalisation of about A\$1.2bn and interests ranging from edible oils and margarine manufacturing to flour milling and baking.

estimated 65 per cent of the Australian and New Zealand margarine market, 85 per cent of the retail market for edible oils, 30 per cent of the Australian bread market and more than 30 per cent of flour mill-

The move to merge them was long overdue. The food industry in both countries was fragmented and

and other extraordinary charges. For the full year, Renown

expects pre-tax profit un-changed at Y11.98bn, and net

profits of Y5.48bn, down 4.2 per cent, on flat turnover of

Each company has a one third in-

11th August 1986

U.S. \$172.50

11th February 1987

GOODMAN FIELDER

	AŞm	%
Vegetable oils	337	29
Bakeries	234	18
Flour and starch	182	14
Aurai	156	12
Grocery products	143	11
Special foods	78	6
Other	130	10
Total	1,300	

which they have been surrounded up to now is being dismantled as part of the neighbours' efforts to develop closer economic relations creating an extra need, and opportunity, for rationalisation.

Following the merger, Australian brokers estimate there could be annual cost savings of nearly AS20m by 1988. Mr Goodman said the benefits could be greater still as the combined companies work to res-tore the Australian bread baking di-vision, for example, to profitability and to restructure flour milling in

No combined annual figures are available yet for the group, but the Melbourne broker McCaughan Dyson estimates that the company will bably earn net profit of around A\$87m in the year to June 1987, rising to A\$115m in the following year.
The merger has also provided a springboard for international expansion. Mr Goodman said that none of the individual companies

enough to have attempted an investment of the RHM kind. As to his intentions, the chairman is playing a predictably close hand. It would have been very easy, for us to buy the holding and build up to 30 per cent," he said.

Haggie boosts

turnover 18%

HAGGIE, South Africa's largest

wire rope manufacturer, in-creased turnover by 18 per cent

in the first half of this year even

though work stoppages led to the loss of three weeks' produc-

tion by the ropes division. The stoppages affected recovery of

fixed expenses which resulted in profits rising at a lower rate

Sales rose to R335m (\$127.9m) from R284m. Operat-ing profits before interest in-

creased to R47.3m from R46.3m

and pre-tax profits rose to R46.6m from R41.1m.

Exports were affected by the Rand's temporary strength early

pany's export customers have come under pressure not to buy South African products.

First-half earnings per share

rose to 110 cents from 101 cents and the interim dividend has

and the interim divident has been maintained at 25 cents. Haggie is controlled by Anglo American Corporation and Federale Mynbou,

US DOLLAR
THE WORLD VALUE
BY THE FT EVERY FREMAY

"We didn't want to do that ... But I couldn't say that for ever and a day we'd want to sit with our sharehold ing as it is, even if we had a marvellous working relationship. It will be constantly under review.

"In no way are we using position as a platform to launch a total bid now. Equally, we'll certainly protect the market," he said.

For now, Mr Goodman will say only that he is interested in getting access to RHM's research and de velopment facilities, which are strong in areas where Goodman Fielder also has a big presence such as wheat starch. He also almost certainly wants a seat for his company on the RHM board - and believes he could offer RHM a word of advice on improving the perfor-mance of its baking side.

Other than that, he is full of am bitious talk about "pushing added value products around the world," as he puts it. Essentially that means that he is looking to acquire companies in Europe which are involved in processing primary prod-ucts coming from his own operations down under.

One possibility he raised was that RHM would be his "eyes and ears" looking for such possibilities in the UK. Whether it is also expected to function as an acquisition vehicle

proper remains to be seen.

The City of London is certainly deeply suspicious. "I cannot imbefore the merger was large agine that they (Goodman Fielder) want anything other than Ranks Hovis," said Dr David Lang, food analyst with brokers Henderson Crosthwaite. "And Elders is not far

Kennedy in Sydney.

Profits fall at

Arab Banking

ARAB BANKING Corpor ation, the Bahrain-based international bank, has re-

ported a decline of nearly

a fifth in pre-tax profits for

the first half of this year,

to \$61m from \$76m, after total loan loss provisions were boosted by almost 40

Specific and general pro-visions amounted to \$182m

compared with \$131m for the

financial reserves were mean-

while given as \$120m against

By Our Financial Staff

per cent.

from Bahrain.

# Instruments

15 & 16 September, 1986

Financial Times Conference Organisation Minster House, Arthur Street,

Group assets dipped slightly telephone 01-621.1355 over the six months, to \$12.6bn from \$13.1bn at the end of 1985. The loan port-folio edged up to \$5.3bn from \$5bn, and shareholders' funds were \$100m higher at \$1.3bn. fax: 01-623 8814

The bank, established in 1980, is owned equally by the governments of Kuwait, Libya and Abu Dhabi. Reinsurance ■ United Gulf Bank (UGB) returned to profit in the first half of 1986, reporting earnings after provisions of \$4m compared with a loss of \$10m in full year 1985, Reuter adds

1986 rates, please contact: The bank said it expected Nigel Pullman

a steady earnings performance to continue for the rest Financial Times Bracken House of 1986 and that past prob-lems had been overcome. UGB was one of five banks involved in failed merger talks last year. Shareholders of another of these banks— 10 Cannon Street change at the discretion of the Editor. Bahraini Kuwaiti Investment

Group—yesterday agreed a merger with Bahrain Inter-national Investment Centre. UGB said total loan loss provisions rose to \$20.2m, representing 10 per cent of total loans and 49 per cent of non-performing loans.

Assets at end-June were \$401.9m, 2 decline from \$502.7m at end-1985.

EMERGY RESOURCES & SERVICES INCORPORATED Net Asset Value 31st July 1986

\$7,47 per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENT INC. Net Asset Value 31st July 1986

**\$4.88** per share (unaudited)

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Manufacturers Hanover Limited

12th August, 1986.



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Bankers Trust Company, London

Agent Bank



**Bankers Trust** International Capital N.V.

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Guaranteed Floating Rate Subordinated Notes Due 1996 For the three months

13th August, 1986 to 13th November, 1986
the Notes will carry an interest rate of 6% per cent
per annum and interest payable on the relevant
interest payment date 13th November, 1986 will be
US\$167.71 per US\$10,000 note.

International Westminster Bank PLC London - Agent Bank

**GT** takes

to ward

**Berry stake** 

off Ensign

GT Management and group

6m takeover bid from

Ensign Trust.
The GT concert party bought a total of 6.19m shares

or 19.55 per cent of Berry's equity from United Kingdom

Taking the concert party's holding to 8.67m or 27.36 per

and it represented an import-ant part of its investment management business.

"It is in the immediate and long-term interests of GT's

and Berry's shareholders that Berry should remain inde-pendent and that its portfolio should continue to be man-aged by GT," it added. A strong additional reason is that greens would give

is that success would give Ensign ownership of Berry's 11.7 per cent holding in GT. Eusign and funds which it

Eusign and funds which it manages own a total of 22 per cent of Berry.
GT paid £5.53m for 2.02m Berry shares at 273.19p each, while other members of the concert party were The Bank of Bermuda, the US Debenture Corp. Baring Brothers, Kleinwort Benson and Assurance du Groupe de Paris.
The concert party also in-

The concert party also in-cludes Cazenove (Berry's brokers) and the directors of

Soros Fund Management

of New York has consolidated its position as the largest shareholder in London Inter-

shareholder in Lohdon Inter-national Group, the contracep-tives and fine china company, with the purchase of an addi-ional 2 per cent stake, taking its holding to 7.69 per cent. Soros said it began buying LIG shares about a year ago "for investment purposes."
"We know the company well and have met the manage.

and have met the manage-ment," a spokeswoman said.

The stake had not been bought with the aim of sell-ing it to any potential bidder for LIG, she added. Soros is

Soros raises stake

in London Intl.

By Charles Batchelor

### Hawley. increases stake in Brengreen

Hawley Group, Mr Michael Ashcroft's services company, yesterday confirmed its intention of playing a part in the

tion of playing a part in the £31m agreed bit by BET for Brengreen Holdings with the purchase of a further 1.3m Brengreen shares.

The purchase of 1.1m shares at 46 p each and 200,000 at 46 p took its holding to 14.33m or 22 per cent. BET owns no Brengreen shares. Brengreen shares.

Hawley owned 11 per cent of Brengreen before the announce ment by BET on July 22 of a double-headed agreed bid for Brengreen and a contested bid for HAT, the paints, scaffolding and cleaning concern.
BET has sizeable linen rental

operations under the Advance and Initial labels and has been engaged in an active acquisition programme to extend its cleaning activities.

The acquisition of Brengreen would make it an even more powerful competitor with Hawley, which earlier this year bought Pritchard Services Group, another cleaning company, for £145m. Brengreen's shares were un-changed at 46p yesterday.

### Guinness asks SE to approve changes draft

By Lional Barber

Guinness, the UK drinks group, has submitted for Stock Exchange approval a draft shareholders' circular which attempts to explain its proposed controversial board changes.

The Stock Exchange has the power to request changes in the circular which has been the subject of sensitive discussions between Guinness, its financial advisers and a small number

of institutions in the City.

Provided the Exchange agrees
to the circular's contents,
Guinness will be free to send
it to shareholders, thus preparing the way for an extraordinary general meeting which will vote on the proposed changes. These include the appointment of Mr Ernest Saunders, Guinness chief executive, as group chairman and

Guinness has approached a number of businessmen, some of Scottish origin, inviting them to join the group board as non-executive directors following the successful £2.5bn takeover of Distillers, the international drinks business. The circular is likely to contain the names of the proposed directors. Last month, Guinness aroused

the City by its proposal to scrap plans for a group supervisory board to be chaired by Sir Thomas Risk, Governor of the Bank of Scotland, to run the Guinness-Distillers operation. The plans were outlined in a class one circular and a formal offer document sent

# HAT hopes restructuring will fend off BET bid

scaffolding and cleaning business, yesterday revealed a business, yesterday revealed a major reorganisation aimed at staving off a hostile £92m bid from BET, the diversified industrial services group.

HAT is selling its glass division to Heywood Williams, the aluminium and glass products manufacturer and supplier, for £10m. It also plans to dispose of its electrical and plumbing merchanting business.

Name of the restructuring is like assets in the snape or publishing rights, amounted to almost 95 per cent of shareholders' funds. It suggested that if BET's share price fell further, it might have to resort to a right sissue to shore up the balance sheet.

Last night, BET, advised by Barings and Rothschild, countered by accusing HAT of having a stretched balance sheet which required asset disposals

News of the restructuring plans was timed to coincide with HAT's defence document which attacked BET, "a disparate conglomerate whose per cent insatiable appetite to buy and BET po

is offering five new shares for every 17 in HAT. On the basis of last night's closing price for BET, down 3p to 405p, the offer values HAT, up 2p to 130p, at 110p per share.

119p per share. planned disposals. In the year HAT, advised by S. G. War-to February 1986, its merchantburg, said that BET's gearing ing division contributed pre-tax

and cleaning minority interests and intangterday revealed a lishing rights, amounted to hostile f92m bid the diversified to diversified to group.

The diversified to diversified to group.

The diversified to diversified to diversified to group.

The diversified to diversifi

which required asset disposals It said that its own gearing was 65 per cent at the end of March and had since fallen to below 60

BET poired out that HAT's sell disguises a creaking shalance sheet..."

BET, whose share price has month ago, while over the same fallen since last month's bid, is offering five new shares for more than doubled.

sold 100,000 shares—well over one quarter of his holding in BET—at 380p per share. "If he thought BET was such a marvellous investment, you would ex-pect him to be a buyer, not a seller," HAT said.

on a disposal price but said the sale would take place if HAT stayed independent.

stayed independent.

HAT accused BET's management of "a history of U-turns" over the past four years. It singled out for criticism several disposals in cable, computers and TV and video rental. It also said that £26.1m (57 per cent) of the rise in BET's 1985-86 operating profits came from accurisitions.

HAT said that Mr Nicholas Wills, BET chief executive, bad

# Buy-out at Burmah company

more than 2.0m to only their capital.

Like many in the present cavalcade of management buy-outs, the West Yorkshire company is being sold because accessories cash and carry outits parent group is pulling out lets, one hardware and DIY of peripheral activities.

Burmah, the UK's oldest oil accessories cash and carry outits parent group is pulling out lets, one hardware and DIY of peripheral activities.

Burmah, the UK's oldest oil accessories cash and carry outits business and its activities in Pakistan.

The management team is same period specific property when the group made a film net operating 1 toolit.

Burmah's main disposals in the past year include its accessories cash and carry outits business and its activities in Pakistan.

The capital.

The management team is same period specific property of the past year include its particular automotive division, the past year include its particular automotive division.

The management team is same period specific property of the past year include its particular automotive division.

The management team is same period specific property of the past year include its particular automotive division.

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The management team is property of the past year include its particular automotive division.

The particular automotive division and particular automotive division.

The past year include its particular automotive division.

surmah, the UK's oldest oil
exploration company, has been
busy in recent years disposing
of non mainstream divisions to
concentrate more on its

THE MANAGERS of Maccess, managers of Maccess with 20 Britain's largest chain of per cent of the equity. The rest an average of 17 per cent automotive parts cash and is held by a consortium of insticarry wholesalers, yesterday announced that they had raised Charterhouse Development to buy their Capital with Citicorp Venture when the group made a £1.2m

of non mainstream divisions to concentrate more on its lubricants and speciality chemicals operations.

The deal leaves the 30 senior the company shortly after its formation in 1974. He said yesterday that Maccess was aiming for a stock market flotation in the "medium term."

Maccess' sales have grown a

same period spent £18m in buying oil and gas prospects in
Colombia and the US and
another £8.3m on the purchase
of a speciality chemicals
business, Clow Corporation of

### **English Trust improves by 21%**

over the previous year's £2.43m.

During the second half the

forward to the future with con-

WITH profitability continuing iterated that it was well placed to improve during the second six months the English Trust Group was able to lift its full 1985-86 profits to £2.93m pretax, an increase of 21 per cent to 8.87p and a final dividend of 2p makes a total of 3p net, an increase of 0.27p the many changes taking place in the financial sector.

They added that they looked one-for-10 basis is also proposed. n the financial sector.

A further scrip issue on a
They added that they looked one-for-10 basis is also pro-

During the second half the group was granted full banking status by the Bank of England and yesterday the directors re
Tax for the year accounted for £1.08m, compared with £0.97m, and left available profits £0.97m, and left available profits £0.39m ahead at £1.85m.

### Dataserv buys with rights cash

has made the first of the profits contribution from comacquisitions heralded by its puter maintenance. June £8.6m rights issue. The Compel group for £4.2m.

Compel supplies computer

TRANSPORT

**DEVELOPMENT** 

Interim report

The Chairman, Sir James Duncan, reports:

depreciation affected Australian profits.

1986

15.6

6.6p

2.0p

The strong recovery in the second half of 1985 has continued into

warehousing and cold storage companies maintained profits.

increased profits. There was a recovery in the USA but currency

There were excellent results from road haulage in the UK. The

It will be difficult for profits in the second six months of 1986 to match the growth shown by the first six months. Nonetheless, provided the UK economy remains firm, there are grounds for

In France and Holland the transport and storage companies

optimism about the outcome for the year as a whole.

TRANSPORT DEVELOPMENT GROUP PLC Windsor House, 50 Victoria Street, London SW1H ONR

**GROUP PLC** 

Profit before tax (£m)

Earnings per share

Dividends per share

the current year.

Datasery, the computer main-profits of £471,000 on turnover diversifying from its original tenance and leasing company, of £5.1m, including a £200,000 leasing base. Maintenance, par-

Mr James Carr, Datasery's cent of group turnover. Minnesota-based but London-chairman, said that Compel listed company has bought the would be used as the founda-

**ROAD HAULAGE** 

Change

+36.5

WAREHOUSING

DISTRIBUTION

COLD STORAGE

FRANCE, HOLLAND. THE UNITED STATES

in the UNITED KINGDOM,

11.4

4.7p

1.7p

ticularly of IBM computers, now represents over 50 per

Consideration for the purchase will be in the form of tion for developing the group's 2.61m shares at a price of computer maintenance activities 161.2p each, representing 7.83 in the UK. Since Datasery per cent of the enlarged share peripherals and runs a main-tenance service in the UK. In came to the market in 1983 it capital. Each share has a par the year to March 31 it made has declared a strategy of value of five US cents.

### polies and Mergers Commis-sion. LIG's shares rose by 8p

1986 despite a fall of about 5 per cent in total deliveries by UK chocolate manufacturers during the period, directors

On turnover up by £259,000 £108,000 (£142,000), investment to £3.29m the pre-tax loss fell income, however, was also from £113,000 to £104,000. With the loss per 10p share almost unchanged at 2.6p (2.5p) the at £27,000 (£26,000). interim dividend is being main-

Better first half for Jamesons Jamesons Chocolates reported tained at 2p. Last year there higher turnover and a reduced was a total payment of 5p from loss in the first six months of pre-tax profits of £320,000.

1986 despite a fall of about Directors added that the second half would include the Christmas period and should result in a profit for the year. Operating loss was lower at £108,000 (£142,000), investment

#### Tax tool £36,000 (£47,000). **DIVIDENDS ANNOUNCED** Date Corre- Total Total

		711-11-11-11-11-11-11-11-11-11-11-11-11-	O1 2	Ponteme	IVI	Jebl.
			payment	div.	year	year
	Andre de Brett	‡0.25	Nov 21	nil	0.25	nil
	English Trust	2	Oct 14	•1.82	3	*2.73
	Debren Invsint		Oct 10	nil	_	nil
	Heywood Williams int	2.75	_	2.42	_	6.75
	Howard Shuttering	0.57	_	0.7	1.4	1.4
1	Jamesons Choesint	2	_	2	_	5
ı	Stone Intal	†3.22	Oct I	2.92	4.83	4.38
1	TDGint	2	Nov 7	1.7	_	6.2
	Dividends shown in	pence	per share	except	where	otherwi

stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

### +42.5+17.6 GRANVILLE

Telephone 01-621 1212 Member of Fimbra Granville & Co. Limited 8 Lovat Lane London ECSR 885

High	Low	Company	Price	Change	div.(p)			taxed
146	118	Ass. Brit. Ind. Ord	131	_	7.3	5.6	8.0	7.5
151	121	Ass. Brit. Ind. CULS,,,	131	_	10.0	7.6	_	_
125	43	Airsprung Group	108	-2	7.6	7.0		6.0
46	28	Armitage and Rhodes	35	_		12.3		5.2
186	106			_	4.6	2.5		19.3
80	42	Bray Technologies	80		4.3	5.4		8.7
201	75	CCL Ordinary	82	+2	2.9	3.5		9.1
152	86	CCL 11pc Conv. Pf	85	_		18.3		_
235	80	Carborundum Ord	235	_	9.1	3.9		11.6
94	63	Carborundum 7.5pc Pt.	91	_		11.8		_
69	46	Deborah Services		+1	7.0	10.1	7.2	9.5
32	20	Frederick Parker Group	23	_	-	_	_	_
125	50	George Blair		_	3.8	3.2		4.4
70	20	Ind. Precision Castings		. —	3.0	4.3	18.5	15.5
216	156	Isis Group	166	·	15.0	9.0		19.1
120	101	Jackson Group	120	_	6.1	5.1	8.2	7.3
367	228	James Burmugh	365	-2	17.0	4.7	10.3	9.4
100	85	James Surrough SpcPf.	100	_	12.9	12.9	_	
95	56	John Howard Group	57	_	5.0	8.8	_	_
1035	342	Multihouse NV	1035	+15		_	54.2	70.7
380	260	Record Ridgway Ord	374	_	_	_	6.7	11.5
106	89	Record Ridgway 10pcPf	89	_	14.1	15,8	_	
82	32	Robert Jenkins	71	-1	· <u></u>	· <u></u>	3.1	4.4
37	28	Scruttone "A"	36	<b>–2</b>		_		9.2
100	66	Torday and Carliale	97		5.7	Б.9	5.9	6.0
370	320	Trevian Holdings	320	_	7.9	2.5	6.7	8.8
70	25	Unitock Holdings	68	_	2.8	4.1	12.5	11.7
200	93	Watter Alexander	200	_	9.9	5.0	11.3	13.8
226	190	W. 5. Yeates	193	_	17.4	9.0	19.3	21.4

# TDG up 37% but sees slowdown in second half

of its supporters yesterday bought a near 20 per cent stake in Berry Trust in an attempt to defend Berry against last month's hostile but warned that it would find it difficult to match that rate of progress in the second half.

Turnover in the first half of 1886 rose from £229m to £248.84m, with the continued strong recovery shown in the second half last time. Conditions were favourable for road transport in the UK, but demand was easing towards the end of the six months, said Sir James Duncan, the chairman.

Provident Institution, the troubled mutual life company. James Duncan, the chairman. Road haulage in the UK rose strongly from £2.86m to £4.67m at the operating level. Storage remained the biggest domestic earner, though down slightly at £5.5m (£5.63m). Other services cent.
GT has already described the Ensign bid, launched ou July 25 as "nonsensical, mean and opportunistic." It said yesterday that it had managed the Berry portfolio since 1969

added £2.45m (£1.34m).
Overseas, Sir James said that
in both France and Holland the
transport and storage companies increased profits and transport and storage companies increased profits and continued to perform well. In the US the principal West Coast carrier, Willig, made a strong recovery. Road haulage abroad made £4.18m (£3.7m), storage £1.57m (£1.48m) and other services £1.17m (£833,000).

The reinforcement companies, both at home and abroad, increased profits, and the exhibiting a surplus of £6.97m (£1.48m) and other services £1.17m (£833,000).

Transport Development Group has enjoyed an improved permanent market.

Transport Development Group has enjoyed an improved permanent market.

Transport Development Group, the storage and distribution holding company, yesterday reported a 37 per cent rise in profits before tax to £15.55m, but warned that it would find it some reduction in profits. some reduction in profits.

Total operating profits came

to £19.53m against £15.78m restated to reflect exchange rate fluctuations. The pre-tax figure benefited from a reduction in net interest payable, down from £4.39m to £3.98m, and lower redundancy costs of £186,000 (£310,000).

The interim dividend is reised. to £19.53m against £15.78m re-

The interim dividend is raised from 1.7p to 2p on earnings per share of 6.64p (4.66p). Last year, reporting taxable profits of £29.7m and earnings per share of 12.4p, the company paid a total dividend of 6.2p. The chairman said that pro-vided the UK economy remained firm, there were grounds for optimism about the outcome for the year as a whole.

the year as a whole.

There was an extraordinary credit of £305,000, compared with a charge of £409,000, as net profit on the sale of properties and investments, leaving a surplus of £6.97m (£3.82m) for transfer to reserved.

divisions and these interims are better than expected. In UK road haulage, the customers are switching to quality, producing switching to quality, producing lucrative increases in volume for TDG and this, combined with lower fuel costs, has added a couple of points in the margin, Losses at the express parcel's subsidiary were down to around £3m from £800,000 last time and the operation may soon be fit to stand an its away.

soon be fit to stand on its own soon be fit to stand on its own owhether within the group or outside it remains to be seen. A sale should be easy enough A sale should be easy enough as other express operators are apparently keen to take out competitors. A strike in the New Zealand docks slowed the delivery of frozen lamb, holding back UK storage profits temporarily; and both reinforcement and exhibitions grew by £im each with the cycle in the latter now in a favourable phase. As several of the group's long-

### Ansbacher recovery speeds up

Brown Shipley, the London merchant bank.

Lewis, its chairman, said that "in the absence of unforeseen

Henry Anshacher Holdings. Henry Ansbacher Holdings, major infinite and manage the merchant bank group which temerchant bank group which temerchant bank group which the ment reconstruction which left came close to collapse 18 it more than 50 per cent to £882,000, reflecting extra months ago, raised pre-tax owned by Groupe Bruxelles legal costs. Ansbacher has cut Lambert, the Belgian holding reflected improved performances by its core merchant associate.

Ansbacher's post tax profits by the helf-way that the merchant banking operations are the second to th banking, insurance broking and shipbroking businesses, sald Mr Richard Fenhalls, group

managing director. Results for the previous com-parable half-year, ending Sep-tember 30 1985, showed a pre-tax profit of £2.29m. Ansbacher last year changed its accounting period to end December 31, in line with its major share-holders' reporting years. The group's stronger per-formance in the six months to

June continued its recovery from the disastrous losses it suffered in 1984-85. Losses in the 12 months to March 1985 totalled £31m, largely owing to purchase of Laidlaw Adams and Peck, a New York investment

a private fund management group headed by Mr George Soros, 55, a professional money manager. recentry acquired LIG shares were bought for between 188p and 190p each through Quantum Overseas, a Netherlands Antilles-based offshore fund

managed by Soros.

A f149m takeover bid by
LJG for Wedgwood, the fine
china group, is currently
under review by the Monopolice and Morross Comple

shareholding. The company is already listed in Japan. in London and New York. It The Seatchi board is unlikely applied for a quotation on the to take a final decision on the

Bates, which has a joint venture

New York over-the-counter issue until later this year and market in December 1983. Since unlikely to seek a quotation then it has acquired a substan-tial number of US individual shares, which have fallen in

Central costs rose by £162.000

Isst year.

It disclosed pre-tax profits by its merchant banking operations of £2.87m, after transfers to hidden reserves. Up from £1.32m in the previous comparable period, this included results from Ansbacher's Guernsey banking, trust company and investment managewere £2.16m in the half-year to June. It made a further £5.35m extraordinary profit from sale of its holding in merchant bank.

Ansbacher, working in concert with its major shareholder Groupe Bruxelles Lambert, the Belgian holding company, built up a 21 per cent stake in Brown Shipley then sold it again in June after fierce opposition to its hints of a full takeover bid.

Ansbacher declared no interim dividend yesterday. pany and investment manage-ment group, and from US corporate finance activities. Ansbacher has specialised in advising on mergers and acqui-sitions in the media and com-munications sector in both the US and the UK.

Seascope Insurance, Ansbacher's Lloyds broking subsidiary, made pre-tax £675,000, down from £1.03m in the six terim dividend yesterday, though earnings per share reached 1.5p. Mr David LeRoy months to last September. Sea-scope Shipping, a shipbroker, earned pre-tax £4,000, compared with a £62,000 loss. The turn-around reflected greater activity

### Saatchi considering a listing in Tokyo

BY ALICE RAWSTHORN

Saatchi & Saatchi, the inter- tions to buy a small shareholdnational marketing services ing in the Japanese advertising group, is considering seeking a agency, Asahi. The company has quotation on the Tokyo Stock since increased its Japanese Exchange in order to broaden presence through its recent the international base of its merger with the US agency, Ted

nai number of US individual stares, which have fallen in and institutional investors, who recent weeks following account now account for about 11 per cent of its total shareholding. In the control of its total shareholding. Among British companies account for a Tokyo listing last and Cable & Wireless have already south listing in Taken.

autumn as it finalised negotia- already sought listings in Tokyo.



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This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Exchange Offer is made only by the Prospectus dated July 15, 1986, as amended on July 24, 1986 and August 11, 1986 and the related Letter of Transmittal, and the Exchange Offer is not being made to, nor will tenders be accepted from, holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities lowe of such jurisdiction.

### **NOTICE** FINAL EXTENSION Pengo Finance N.V.

Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991; Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991; 8% per cent. Convertible Subordinated Guaranteed Debentures 1995 For Securities Of

PENGO INDUSTRIES, INC.

Fort Worth, Texas, U.S.A.

Fengo Finance N.V. ("Finance") is offering to holders of its Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991, Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures 1991 (together "New Debentures") and \$\frac{1}{2}\$ per cent. Convertible Subordinated Guaranteed Debentures 1995 ("Old Debentures") the Exchange Offer summarized below.

Pengo Industries, Inc. ("Pengo") has recommended to its shareholders a 1 for 10 share reverse stock uplit which will be voted upon September 5, 1986. The description of the Exchange Offer below resects the effect of such reverse stock uplit except where indicated. A Holder Will Receive

Pre-Split Post-Split hares of Pengo Common Stock. hares of Pengo Junior Convertible Preferred Stock, \$50 liquidation 530 For each \$1,000 Principal Amount of Old Deben-tures plus all accrued in-

As of August 5, 1986 \$3,905,000 of Debentures have been tendered. All tenders are inverceable until, and if the Exchange Offer is consummated prior to, September 10, 1986. All tenders not accepted by Finance prior to September 10, 1986, and tenders not accepted by Finance prior to September 10, 1986, and tenders not accepted by Finance prior to September 10, 1986, and tenders and conditions of the Exchange Offer are set forth in the Prospectus dated July 15, 1986, as amended on July 24, 1986 and August 11, 1986 and the related Lenter of Transmittal, copies of which should be obtained from the Exchange Agent. The Exchange Offer is conditioned upon the tender and acceptance of at least 80% each of the outstanding principal arrangement of Pengo. If such condition is not satisfied, the Exchange Offer will not be consummation of the debt restructuring arrangement of Pengo. If such conditions is not satisfied, the Exchange Offer will not be consummated and all tendered approval by the Pengo shareholders of, among other things, the authorized shares of Common Stock.

THE EXCHANGE OFFER WILL EXPIRE AT 10:00 P.M. LONDON TIME (5:00 P.M. NEW YORK TIME), ON SEPTEMBER 9, 1986, UNLESS EXTENDED BY FINANCE.

Requests for assistance and copies of related documents should be directed to the Exchange Agent as follows: Mr. Richard Crews, Chemical Bank, 180 Strand, London WCZR 1ET. Telephone Number: (collect), 01-379-7474, Telex Number: 264766 (Answer Back CHEMBK G).

in the tanker market.

12 · ·

CO

COARD.

### **UK COMPANY NEWS**

### Stone Intl. falls £1.25m but order level at record

Stone International, the systems engineering group, suffered a sharp setback in the second six months and for the full 1985-86 year saw its profits fall by £1.25m to £6.09m pre-tax.

iees

However, the directors said esterday that they believed the setback would prove to be tem-porary and pointed out that this view was supported by the record level of orders achieved they rose from £93.56m to £100.44m

second half with £68m being taken. These were mostly for delivery after the year-end and would benefit the current trad-

ing period.

They regarded the year as one of acquisition and consolidation which had greatly strengthened the group. The present order book and level of enquiries should ensure a much improved workflow at Safety in the US and at Stone Transportation in the UK. At the same time recent acquisi-

tions were continuing to make valuable contributions to the results.

Reflecting their underlying confidence in the outlook for the group the directors are stepping the dividend for the year up by 10 per cent to 4.83p net, the final being 3.22p.

The transportation division accounted for the major downturn in profits. This arose from substantial problems on one

substantial problems on one international contract for air conditioning, together with an inadequate workload in the Crawley factory.

Correction of these problems and an improved HE workload

and an improved UK workload resulting from recent British and Italian railways orders would contribute to an transportation operations for

inti. Shere price

Group turnover for the past year (to May 31 1986) improved from £78.71m to £100.36m but at the operating level profits fell by £2.09m to £6.7m.

Pre-tax profits took in excep-tional credits of £1.29m but also took account of a £455,000 rise in interest charges to £1.91m.

Tax fell to £1.35m (£2.1m) and left net profits at £4.73m, against a previous £5.24m. Earnings worked through at 12.4p (16p) per 20p share. The sterling/dollar exchange

rate adversely affected profits before tax by £0.65m. The exceptional item principally comprised a surplus following the rationalisation of the US pension arrangements and

proved a valuable addition to the energy systems division and achieved record results.

In the transportation division the business and assets of Stone Peters were acquired in December 1985, since when £4.6m of orders for UK and overseas have been taken.

• comment

If the exceptional gain is tripped out from Stone's stripped out from stripped out from somes figures, the operating profits stand revealed as down by 24 per cent. Since many engineering analysts follow Stone, that could look like a repeat of last week's bad news from GKN. However, the company is realiy in the electricals sector and can point to a series of indi-vidual problems as the cause of its bad figures. The maket seemed convinced and marked the shares up 10p to 164p. Around 70 per cent of Stone's turnover comes from overseas sales or exports and thus the dollar's movements had a £650,000 negative impact. The

setcond hiccup occured at Craw-ley, where a tightly priced order to the US went badly wrong and contributed to a £1½m loss last year. A programme of rationalisation has now put the company on target for breakeven at Crawley this year. The third problem was a bad loss at

problem was a bad loss at the US boiler subsidiary as American companies dithered about which fuel to use in the wake of the tumbling oil price. Order books now look healthy. tSone will shortly merge the loss-making electronics division into transportation and look to additionally profits on the realisation of short-term listed investments.

During the year the group continued to pursue the aim of expanding the product range. Andrews Group, acquired in September 1985 for £6m 10 into transportation and look to into transportation and look to into transportation and look to expand through acquisitions like the highly successful purchase of the Andrews group. Pre-tax profits of £8.5m look expanding the product range. Andrews Group, acquired in September 1985 for £6m 10

still continuing.
"We have not had enough information from Addison to give

### **Howard Shuttering profits fall**

Howard Shuttering (Hold- now be able to give more ings), the property developer attention to the group's profitand plant hire group which earlier this year pulled out of its traditional formwork and structures operations, yesterday

Profits fell from £748,799 to £481,206, mainly because of costs associated with the closure, but the directors said yesterday that this area of trading would no longer be a drain on resources. They would

able businesses. · This has been done by the appointment of two directors, Mr J. Hannah and Mr R. Rumsby, to take charge of the

day to day operations in development and plant hire.

Andre de Brett rises to £0.17m

£6.79m to £6.36m. and there were extraordinary debits of £38,508 (nil) as the net cost of the closures.

Despite earnings per share down from 3.9p to 2.4p after a lower tax charge of £195,284 (£312,170), the dividend is held at 1.4p with an unchanged 0.7p

expansion and stockbuilding, and the company said it should lift both turnover and profits in the current year. Plant hire has produced record turnover and profits, and is expected to maintain this.

Group turnover for the year in a stockbuilding, and the company said it should be maintain this.

The directors said that "with employees' continued support, together with the year's reorganisation, the board is confident that the group will again be able to increase profitability."

### Malaysian interests By Lucy Kellaway

sia, a wholly-owned subsidiary to 82.4 per cent in accordance with the Malaysian Government's new economic policy. In a capital restructuring, the Malaysian armed forces pension fund and a Malaysian police cooperative society are to sub-scribe for 12.5m new ordinary shares of M\$1, amounting to 17.6m of the shares in issue.

M\$20m a year.

BP Malaysia is involved in the marketing and manufacture of petrroleum products, chemicals and lubricants. It employs 320 people, and has a ? per cent share of the domestic market.

# FURTHER recovery during the second six months of 1985-86 Norwegian offshoot. The loss-making Halequin retail sales were continuing to retail sales were conti

CAP GROUP was confident of reporting another year of pro-gress in 1987, according to Mr Barney Gibbens, the chairman, in his annual statement,

tory progress and that they Corporation, which now has an believed prospects for the interest in 410,000 shares (5.12 enlarged group were encourage per cent).

ELECTRONIC RENTALS Group

—Mr J. T. Griffiths, chairman,
said in his annual statement
that the directors expected the
current year to show satisfac-

**BOARD MEETINGS** 

Interime: Capital and Counties, Metal Bullatin, Tachnical Component Industries, Ultramer, Unidate, Unilever, Wood-House and Risson.
Finals: Matthew Clark, G. M. Firth.
Meat Trade Suppliers, Porter Chadburn.

COMPANY NEWS IN BRIEF

WHITBREAD, the brewing and retailing group, yesterday announced an £8m investment in a new Country Club Hotel at Bearstead, near Mairstone. The development, described by development, described by Whitbread yesterday as its biggest single investment in retailing, it being done in conjunction with the J.T. Group which has a 25 per cent stake in the small hotel chain. A further 54m will be invested in the chain's existing five hotels.

rirst Security Group chairman, Mr F. J. Westlake, said in his annual report that he looked forward with optimism to a year of continuing profitable growth for the group.

debut with 0.5p interim

Debron Investments, Wor-cester-based investment group reported pre-tax profits for the six months to the end of June 1986 of £450,000. And the director; are paying an interim dividend of 0.5p.

This was the first period with the contribution from the trad-

no contribution from the trad-ing activities, sold last year when the company was known as Carpets International Because of the changes the directors do not think that there are any relevant comparative

Earnings per 50p share were stated at 0.9p both basic and fully-diluted. Net asset value at the end of the period was 63.7p basic and 57.1p fully diluted.

Dividend income was £210,000 with a further £410,000 from interest received. The present

### Aidcom in talks with Addison Consultancy

By Richard Tomkins

Addison Consultancy confirmed yesterday that it had made a bid approach to Aidcom International, a fellow communications group. But the two companies last night gave sharply differing views on the likelihood of reaching agreement. Aidcom, a market research, design and product develop-

ment group, said that it could see the commercial logic of a merger between the two Mr Pratt Thompson, Aideom's chairman, said that if his board could be satisfied that the terms

of the offer were fair and that the interests of its employees were looked after, then the basis of an agreement was there. However, Mr Steve Smith, Addison's joint chief executive, suggested that the talks had run into problems.

"Aidcom has got some very

good businesses which would fit very well with ours and we believe there is a great deal of logic in putting them together, but not at any price, only a sensible one," he said.

"We have indicated our intention to offer a price which we believe fully values its businesses, but as we understand it Aidcom's board is not unanimous on whether that is unanimous on whether that is acceptable or not."

He said the offer was still on the table but a statement would be made today "declaring Aidcom's Mr Thompson denied this version of events and said there was no dissent among his board members. "There is complete unanimity of view on Aidcom's board and as far as we are concerned, the talks are

us the basis for making a further announcement yet, but we will make another statement as soon as possible."

# **BP** reduces

BP has announced plans to reduce its interest in BP Malay-

Mr Fleming Wich, managing director of BP Malaysia said yesterday that the move pro-vided evidence of BP's commitment to Malaysia and its confi-dence in the long-term health of its economy. He said that the restructuring would not affect BP's investment in Malaysia, now running at about M\$15m-

# Debron makes

figures, Shareholders of CI had not received a dividend since 1979.

interest received. The pre-tax figure was struck after administrative expenses of £170,000. MARKHEAT chairman, Mr Paul Bobroff, said in his annual statement that the current year's trading was proceeding as planned and the directors were confident that profits ought to grow significantly.

strative expenses of £170,000.

The tax charge was £90,000 and there were extraordingly credits totalling £3.04m being the net profit on the sale of investment in John Crowther Groups and Feltex New Zealand.

# The Laird Group

£90,000,000 Multiple Option Facility

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Midland Bank plc

The Bank of New York Crédit Lyonnais, London Branch Commerzbank Aktiengesellschaft TSB England & Wales plc

Participants

CIC-Union Européenne. International et Cie Kansallis Banking Group

The Tokai Bank, Limited

Kansallis Banking Group

The Tokai Bank, Limited

Midland Bank plc

**Credit Suisse** The Mitsubishi Bank, Limited S. G. Warburg & Co. Ltd.

CIC-Union Européenne, International et Cie

The Bank of New York

**Credit Suisse** 

Tender Panel Members

Australia and New Zealand Banking Group Limited Banque Paribas (London) Commerzbank Aktiengesellschaft Crédit Lyonnais, London Branch The Dai-Ichi Kangyo Bank, Limited Gulf International Bank B.S.C.

Co-operative Bank p.l.c. The Fuji Bank, Limited The Industrial Bank of Japan, Limited Kleinwort Benson Limited The Mitsubishi Bank, Limited TSB England & Wales plc

S. G. Warburg & Co. Ltd.

Tender Panel Agent

S. G. Warburg & Co. Ltd.

August, 1986

This announcement appears as a matter of record only

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FINANCIAL TIMES CONFERENCES

Pacific Basin Oil & Gas

Prices, Investment and the Business Outlook Hong Kong, 25 & 26 September 1986

This year's FT energy conference will look at the effects of the drastic fall in the price of oil on the development, finance, production and marketing of the oil and gas of the Pacific Region. Speakers will include: Ir Wijarso, the leading Indonesian Official, Mr Zou Ming. Senior Adviser to the China National Offshore Oil Corporation, Mr Paul Ravesles, President of Arco International Oil and Gas and Mr Dick van Hilten, Chairman and Chief Executive of Shell Refining in Singapore. The event is to be co-sponsored by the Petroleum News.

For further details contact:

LORD KEARTON, former chair-

man of Courtaulds and the British National Oil Corporation, once asked about the difficulties

faced by a captain of industry

in taking decisions, said decisions were not the big problem. The difficult part was seeing that the decisions were made to work.

This is exactly the situation faced by the Alvey Directorate, the British Government-backed

commonsense (artificial intelli-gence). This is a long-term

Sir Austin Bide:

Shifting research

market imperatives

allotted to Alvey. The Alvey report of 1982 which persuaded

of industry could

prove difficult.

closer to the

British industry.

### **TECHNOLOGY**

### UK COMPUTING INITIATIVE

# Alvey at the crossroads

By David Fishlock, Science Editor

the British Government-backed computing initiative, says Dr David Thomas, one of its programme managers. Alvey has now committed all its money, £350m. But it is only beginning to tackle the big problem of managing that money to maximise the tangible benefits to British industry. national research programme launched in 1981, and is aimed at developing the so-called fifthat developing the so-caned inter-generation computing systems. These are widely expected to display some "artificial intelli-gence" in what are known as Alvey is developing a new kind of management tool—the expert systems. computer with some power to reason and a modicum of

Views differ on the meaning of artificial intelligence (AI).
One, held by the British government's chief scientific adviser,
John Fairclough, seconded
from IBM, is that the term

from IBM, is that the term should be avoided. He believes "amplified intelligence" is likely to receive a more sympathetic public hearing than any idea that the brain is being supplanted.

The unions have already begun to fret about the implications of one Alivey project, which as they see it threatens to encapsulate in a computer the whole of the legislation relating to payment of social security benefits. If successful, this computer will be capable of mimicking the human intelligence to the extent of adjudicating on borderline benefit cating on borderline benefit

In Britian, AI can be traced back to the famous war-time code-breaking activities at Bletchley involving an early electronic computer called Colossus. By the 1950s, however, the problem of contrains intol. the problem of capturing intel-ligence was proving more diffi-cult than the pioneers believed. It becomes increasingly difficult to use computers to capture knowledge as it changes from "hard fact." such as mathematics, to "soft opinions."

matics, to "soft opinions."

The Alvey programme, launched in April 1983, focused on four "enabling technologies" thought to be crucial to Al: very large scale integration (VLSI), software, man-machine interface, and intelligent knowledge-based systems (IKBS).

IKBS is simply a British problem and will take more time to solve than the five years the Government to launch the programme assumed it would the Government to launch the ledge-based systems (IRBS). IRBS) is simply a British take at least a decade.

Midway through a five-year programme the debate is in full sees rather than the full-scale swing, what to do after Alvey: scientific challenge of mimick-should it continue, or stop, or change course? In any event its who is in charge of this programme founding director, Brian Oakley, gramme.

Alvey is unique in having three Government departments expects to retire next year, while Thomas is off to Imperial College next month.

Alvey takes its name from John Alvey, the former technology boss of British Telecom.

The Ministry of Defence, the Department of Industry, and the Department of Education and Science—as joint sponsors. John Alvey, the former technology boss of British Telecom.
The Alvey programme is Britain's response to Japan's There are the Department of Education industry working harmoniously the knowledge commercially together across a broad front.
Universities got Alvey funding together across a broad front.
Universities got Alvey funding the knowledge commercially together across a broad front. The duestion is whether the commercially together across a broad front. The biggest demonstration is programme under a new only if they agreed to work with the knowledge commercially the knowledge co

directorate. Industry contributed another £150m.

Sharing responsibility for research in this way, under one management team, has never been practised before in Whitehall. Previously departments have gone their own way with no common strategy. Sir Robert Telford, chairman of the Alvey Directorate, calls it "the most important experiment in the organisation of research in the UK since the second world war."

industrial partners, as part of a common research strategy drawn up by the directorate. In short, thas forced a shotgun marriage of Britain's two leading universities in computer design. Imperial College, London, and Manchester University. ICL and Plessey are their industrial partners in a £15.5m venture.

Al programme, alongside 55 companies and four Government laboratories. Where good academic AI proposals have proved to "far out" to interest industry yet, Alvey has accommodated



John Fairclough: The term artificial intelligence misleads the public into believing the brain is being supplanted.

Marconi, and John Alvey himself—the programme attracted have not appeared to champion other technologies such as bio-

technology.

But Alvey executives believe it has already succeeded in one major aim, getting academe and

war."

Nor is there any sign that many through its "uncle" approach. The cash has been the experiment. The kind of forthcoming provided the dons "project champions"—including can find a company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest in the company willing to take an avuncular interest the company will be avuncular interest the company will be avuncular interest the compa

keeping their feet somewhere near the ground. Of 88 AI research projects funded by Alvey, totalling £50m, 41 are "uncle" projects in British universities.

To kindle interest among potential users in the possibilities of Alvey's AI, the directorate has organised nine "awareness clubs." Each has a mission to spread the newly-discovered word within a specific professional sector such as banking, insurance and project planning. Club membership costs a company £10,000, which Alvey matches. Over 180 companies — from Asda Stores and British Airways to Vickers and Wessex Water—have joined.

UK bankers, for example, To kindle interest among

UK bankers, for example, have organised a club project to build a prototype expert system (of the kind discussed on this page last Tuesday) to advise them on the business health of small companies in the market sector of high-technology retail-

Alvey is working on four major demonstrations of AI, including the £7m social security system already mentioned. Another, involving Shell Research and the agro-chemicals group FBC, is an expert system to advise on product formula-

The product might be a lubricant or a pesticide for example. The idea, in essence, is to elicit and capture in the computer the experience of a handful of chemists, much of the knowledge commercially

David Thomas:

Placing emphasis on

goals, rather than

scientific challenge.

a 10-year programme. Some of

its Al schemes may take years more than that to reach the

Alvey's paramount claim to

fame must be that it has made

things happen where previously they did not. It has got industry

a full-scale

short-term commercial

if central direction ceases in

information technology industry set up its "ITS6 committee" under the chairmanship of Sir Austin Bide, to advise the Government on how to ensure the continued good health of Britain's IT industry including Britain's IT industry including the future of Alvey. It reports in October to Mr Geoffrey Pattie at the Department of Trade and Industry.

Some interested parties want Alvey to disappear. "We've done what the present government doesn't like-we've generated a research strategy," For Whitehall, Alvey has been a traumatic experience.
The Government's old ways of

supporting research are far less strenuous than this co-operative strenuous than this co-operative venture, and it has shown no readiness to repeat elsewhere the formula of multi-department funding for a major research initiative. Whitehall is expected to strenuously resist one Alvey view, that "we need an Alvey directorate, or something like it, in nermetuity." it, in perpetuity."

Academics, on the other hand, are likely to support Alvey. After all, Government funding for academic research in AI has doubled since Alvey was born. AI has been restored to respectability in British

Nevertheless, the research scene must change, not least to accommodate much greater integration of any future Alvey programme with Esprit II, the EEC's initiative into computing technology. Industry — particularly the myriad of potential users of AI

systems—surely holds the key to Alvey's future. Unless Alvey has excited the interest of a sufficiently large and influential sector of industry to demand continuity, financial backing is likely to stop. Of its £350m, a mere £2m is being spent on the awareness has opened an opportunity for clubs and the 180 industrial members. But interest is growing much faster than the supply of people versed in AT 1950s.

of skills at the forefront of

ing and the management exercised by the directorate, and Alvey's goals could be seriously in Jeopardy.

A crucial factor is likely to prove the choice of a new direc-tor for Alvey. Brian Oakley, the government scientist who has played a seminal role in founding as well as managing the programme, is due to retire in programme, is one to retire in little more than a year. If the right man—an industrialist, perhaps—appears sooner, he is willing to step down, perhaps to become a consultant instead of director.

Whether industry is ready to shoulder all the responsibilities and expense of continuing Alvey must be in some doubt, not least when one considers the recent Cabinet Office paper on computer software, prepared by the Government's Advisory Council for Applied Research and Development (Acard). Industrial research managers are well represented on Acard but its report scarcely men-tions prospects for AL Brian Oakley believes the

Bide committee will probably



Sir Robert Telford: No sign Whitehall is willing to repeat the experiment he helped champion.

accept the need for a directorate, even if it contests some of the detailed management. such as the way it uses the "principle of maximum unfairness" to give its chosen companies an inside track on exploitation.

Where the Bide committee may find greater difficulty is in resolving the broader issue of how to shift an AI research computer technology. programme closer to the market imperatives of British industry. FOR ALL YOUR COMMERCIAL PROPERTY PHONE:

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### Citroen aid to factory design

CITROEN Industrie of France CITROEN industry of France has decided to market a computer system to help industries design the layout of their factory floors. The MAST system, originally developed in the US, simulates the flow of work through the factory. The aim is better design of an automated production system. The aim is better design of an automated production system. The simulation system can help companies study the various options when planning a manufacturing process, it can look at the number and type of machines needed on the factory floor, the type of machines recorded the property of components.

on the factory floor, the type of transport for components between machines and to study the overall performance of the production line.

MAST has already been adopted by several UR companies including GEC Mechanical Handling and Lewis-

Citroen in the UK (0926 882201) says that the computer system can be used on IBM and Sperry microcomputers or any other compatible machines. Though there are marchines, Inough there are competing systems on the market, Citroen says that MAST can produce simulations in a few hours rather than the weeks it takes other simulation software.

#### Place in the Sun for ICL By Geoffrey Charlish

By Geoffrey Charlish
TECHNICAL WORKSTATIONS supplied by International Computers (ICL)
mainly for use in factories,
laboratories and design
offices, will in future be based
on Sua Microsystems workstation products.

ICL has announced a
collaborative agreement with
Sun to offer Unix-based
systems and regards this as

systems and regards this as "a further step in ICL's strategy of collaboration with other market leaders where such moves will provide the most cost-effective solutions."

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### HENRY ANSBACHER HOLDINGS PLC

INTERIM RESULTS	HALF	EAR ENDED	
	30 June 1986 £'000	30 September 1985 £`000	
Profit before taxation	3,060	1,485	
Profit after taxation	2,161	1,158	
Extraordinary profit	5,350	_	
Profit attributable to shareholders	7,511	1,158	
Earnings per share (calculated before extraordinary profit)	1.5р	1.0p	



HENRY ANSBACHER HOLDINGS PLC

One Mitre Square, London EC3A 5AN

### **Company Notices**

### VINTOILS.A.

Notice of Meeting Messrs. Shareholders are hereby convened to attend the Extraordinary General Meeting which will be held on August 22nd, 1986 at 10.00 a.m. at the offices of Kredierbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, with the following agenda:

Agenda

To appoint a liquidator for the purpose of distributing the company's assets.
2. Instructions to the liquidator to finalize this liquidation of the assets by distributing to the company's shareholders the shares of Vinton Oil & Oas Inc. and to sell all the shares of Vintoil S.A.
3. If the liquidator does not succeed to sell the shares of Vintoil S.A. before September 30, 1986 the company shall be automatically in liquidation and the liquidator designated under item 1 hereabove shall finalize the liquidation of Vintoil S.A.

Shareholders are advised that their proxy forms, in order to be valid, must be received at the registered office at least five clear days before this meeting.

whild, must be received at the registered drive at least the charactery before this meeting.

Bearer shareholders must deposit their share certificates with an authorized bank and this bank must confirm to the company that the shares are blocked until the closing of this meeting. This certificate must also be received five clear days before the meeting at the registered office of the company.

Furthermore, registered shareholders wishing to attend this meeting must inform the company thereof and this confirmation must also be received at the company's registered office five clear days before the meeting

A letter addressed to the shareholders is available at the registered

The Board of Directors

Clubs

Art Galleries

ZAMANA GALLERY, 1 Cromwell Gardens. SW7. 01-534 5612. CENTURIES OF GOLD—The Colvage of Medieval Islam. Until 5 Oct. Tues-Sat. 10-5-30; Sun. 12-5-30. Adm E.

### K Mart (Australia) Finance Limited 9% Debentures

NOTICE OF VOTE OF DEBENTUREHOLDERS ON EXTENSION NOTICE IS HEREBY GIVEN, pursuant to Section 14.02 of the Indenture dated as of July 1, 1976, that as of 5:00 P.M. local time August 1, 1986 Debentureholders holding an aggregate principal amount of US\$28,091,000 principal amount of K Mart (Australia) Finance Limited 9% Debentures have voted on the

In favor of extension. Not in favor of extension

issue of extension as follows:

Principal Amount
Of Debentures % Of Total Principal Amount Outstanding \$ 24,783,000 \$ 3,308,000 12% \$ 28.091,000 100%

Pursuant to Section 14.02(a) Debentureholders of not less than 50% in aggregate principal amount outstanding are needed to extend the term of the Debentures. Therefore, The Royal Bank and Trust Company, as Trustee declares that the term of the Debentures has been extended as described in Article 14 of the Indenture.

NOTICE is also given that the LIBOR rate at Noon on July 15, 1986 was 6.625%. The minimum interest to be earned in the escrow account for holders voting in favor of extension is 6.125% (LIBOR – ½%).

DEBENTUREHOLDERS VOTING IN FAVOR OF EXTENSION:

Those holders who had voted in favor of extension must present their 9% Debenture Certificates to Orion Rayal Bank Limited, 1 London Wall, London on or after October 1, 1986 to be exchanged for Extended Term Debentures in an aggregate principal amount equal to the principal amount of 9% Debentures presented plus the pro-rats share of the principal amount of Debentures being redeemed (voting not to extend) which has been allocated.

The unused portion of the escrow account plus the pro-rata share of interest earned will be remitted on October 1, 1986 pursuant to the instructions given at the time of voting.

the time of voting.

DEBENTUREHOLDERS VOTING NOT TO EXTEND:

Holders who have voted not to extend must present their Debenture Certificate(s) to any of the Paying Agent Offices for the Debentures on or after October 1, 1986 in order to receive payment of the principal amount of their Debentures plus accrued interest to October 1, 1986 (US\$1,022.50 per \$1,000 Debenture).

The Royal Bank and Trust Company

### W.H.SMITH & SON (HOLDINGS) PLC

£25,000,000

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THE FINANCIAL TIMES

is proposing to publish a Survey on

The World Economy

Tuesday September 30 1986

For further information contact:

Hugh Sutton Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Telephone: 01-248 8000 Ext 3238 Telex: 885033

Notice of Redemption To the Holders of

### MONTANA POWER INTERNATIONAL FINANCE N.V. 144% Guaranteed Notes Due September 15, 1989

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of September 15, 1982, from Montana Power International Finance N.V. and The Montana Power Company, as Guarantor, to Citibank, N.A., Trustee, all \$50,000,000 in principal amount of the aforesaid Notes will be redeemed on September 15, 1986, at the redemption price of 101½% of the principal amount thereof, together with accrued interest thereon from September 15, 1985, to such redemption date, amounting to \$1.42.50 for each \$1,000 principal amount of the Notes. Interest on the Notes shall cease to accrue on and after the redemption date and on that date the redemption price and accrued interest will become due and payable on each of the Notes; provided, however, that this notice is subject to the receipt of redemption monies by the Trustee prior to September 15, 1986. This notice shall be of no effect, and the redemption price shall not be payable and interest on the Notes shall continue to accrue, unless such monies shall have been received prior to such date.

Payment of the Notes will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at the offices of the Paying Agents as follows: Citibank, N.A., Fifth Floor, 111 Wail Street, New York, New York, 10043, or at the option of the holder, at the main offices of Citibank in Amsterdam, Brussels, Frankfurt/Main, London or Paris; at the office of Citicorp Bank (Luxembourg) S.A. in Coupons which have matured prior to the redemption date should be detached and surrendered for payment in the usual manner.

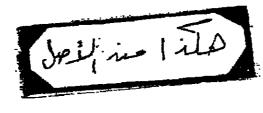
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Coupons which have manufact prior to the reaemption date should be detached and surrendered for payment in the usual manner.

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payer.

Dated: August 12, 1986

MONTANA POWER INTERNATIONAL FINANCE, N.V.

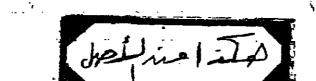


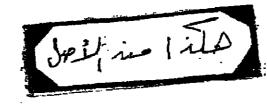
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in tor (	"RIGHTS" OFFERS	Bailife Gifford & Co Ltd. 3 Genforts St. Edeborgh  031-226 6066 Dartington Uni 3 Genforts St. Edeborgh  042 J 109 Dartington, Tomes.	t Trust Mast. Ltd Guild Management Limited Assistation	29 13294 +22 338 Danton Sec. Sec. 2005 2651 755 februari
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imited	Remuniciation date ministly last day for dealing free of stamp buty. a Annualised dividend, b Figures based on prospectus estimates, d Dividend rate paid or payable on part of capital, cover based on dividend on tall capital. b Assumed dividend and yheld. b Assumed dividend and yeld after scrip issue. F Forests dividend cover on earnings updated by latest interim statement. N. Dividend and Yield based on prospectus or other official estimates for 1967. L. Estimated assumitized dividend, cover and pre-based on latest annual earnings.	De Inglingure Trus49.9 53.0 . 4.30 Embarra Extension De Inguire E Gree Tri Acc. 168.9 179.6 +1.2 0.06 American August 6	Finets 0277 217298 Speciality February Characteristy February Charac	111.5
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17117-10	entralegs. In Forecast, or estimated drawatised dividend rans, cover coord on previous years is accounted.  It issued by tender, if Officered holders of ordinary states as a "rights." If i introduction. " Issued by easy of capitalisation. Fraction price. § Reintroduced. ¶¶ Issued in connection with reorganisation marger of talknower.   Allotment price. § Unitated securities starket. 1† Official Loaden listing. ‡‡ Including warrants exhibitment.	Broken Front Managers 1 bd UK High lat Trus in	CC 106.15 77.18 +0.13 2.79 Sign increase Feeds 134.1 144.2 +0.2 3.18 (Accom Units) 2	98.6 251.8 +1.9 3.24 Royal London Unit Tst Mgrs Ltd *Unadorsel. ************************************
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		Serie Co 1594 and 51   77.6   Serie Co 1594	172.9   77.8   +0.4   2.7   Enterpt Funds   17.3   12.5   +0.1   5.1   6.2   6.4   6.7   6.5	ment Co Ltd 28 Western Rd, Rombord RN1 3LB mett 27 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers mett 20 July 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union Unit Trust Managers method 101-606 8009 Capital Rns. 2 February 5 ERG 95X (Rombord) Trades Union
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_,	ACROSS 6 Bird that changes pitch (9)  1 Observation about wine's 7 Soft stratum found in actor behaviour (11) (6)	74-78 Firstury Prevented, London EC2A LID American (c) 01-588 2777 B-thanks Venumen 01-475 6666 88 Sectimits France Growth 68 Treat 199.5 60 4nd -0.1 041 European Treat 199.5 60 4nd -0.1 132 Firstury Firstury 132 Firstury 133 Firstury 133 Firstury 134 Firstury 135	27.2 70.0 -0.3 1.05 is Britain was 1130.0 138.3 +1.2 1.7 (Access Units)	F. S., Head, Sheffield S1, 3RD Extra Michael S2, 500 120 120 120 120 120 120 120 120 120 1
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, · • •	11 Practise to put others out of 16 Foodstuff that was dandy in control (9) the 18th century (8)	101 & Grooth	1937   314 + 422 0.25 key Fraed In. Fa.   1837   4815   1918	10.20   10.2
CANCEN!	ecstasy (5)  13 Believing in right journalist 19 Forced republican soldiers has to put money about (7) to take wine (7)	be letter Mb 10.5 17.4 0.50 (General Events 15	1351.26 361.90 1.66 Kleinwart Benson Unit atamagers (Accom Units)	Pres. 2 Charity 553.7 662.8d 3.19 UK Hosse, Castle St, Salisbury SP1 3SH 0722 336242  Receiver 797.5 88.9 257 UK Equity 107.5 114.2 +0.3 -  UK Smither Counts in the 9 77.5 -0.5 224 Horn American 1,14.0 121.1 -0.11  Longon EC214 AYR Selimither Asset Management Ltd
	15 Condemnation over emotio- 29 Dine out on letter from old nal state (4) civil official in Turkey (7)  18 Desirable prize of fruit (4) 21 Not far it is said from the	Deventes Granth Fanth	10 dealborded 157 in 19 decision	Dealing 01-25s 02600262.  Dealing 01-25s 026
	28 Raise leeway on tax by a quarter (7) 23 Instruct and discipline artist in metal (5) 28 Russian plain (6) 29 Russian plain (6) 20 Russian plain (6) 21 Spoiled the German animal's upbringing (6) 25 Girl giving refusal to army	Hang Lis Perfector 24.7 26.34 10.3 150 Capital Inst.	250   142   40   40   40   40   40   40   40	#14 151.0 +0.1 081 beings levels
	24 Protect worker from person establishment (5) accused (9) 25 False pride leading sadly	Secretal Income Plants	2016   2017	Total   Column   Total   Tot
	into hell (9)  Some attempts to organise  Fortiginal sources (5)  All All All All All All All All All Al	Rrown Shipley & Co Ltd (a)(g) Jasas & George	1964   1774   +0.4   4.18   97 George St. Echsberch EHZ St.   031 -225 4908   1314   12504   +0.2   4.11   4.15   rot Crowth St.   137.4   4.01   +0.3   5.40   +0.3   5.40   1912   1912   +1.0   -1.5   rot Crowth St.   137.4   4.01   +0.3   5.20   Minster Futer Mass   177.4   198.5   +1.0   -1.5   N Experiment Enterly (30.6   22.7   1.2	Gers Ltd
V.	28 Object to last point (3) 29 Former French friend at race-trial (11)  78 C B R B R C B R	High leasure 633 683 -01 591 29 Albertarie St.	TRUST MATE LEG 01-493 2011 L&C (RC Food CA2 427 9ml 5.72 American Landon W1 01-493 2011 L&C (RC Food CA2 427 9ml 1.07 American LAC (RC Food CA2 42	UT Niget. (a)
	1 Bond marie to shrink (8)	9-17 Perrymount Rel, Haywards Hab  8.5 Portrole Fed. 58.7  9.5 Access. 27.5  Featural 22.4  12.9  Featural 22.5  Feat	1975 1990 114 295 Grown Trust	
	perhaps (8)  3 Not a very good shot at route-	Brycourt Unit Trust Mgort Ltd(a)(c)(d) Do Accom- Hemein Hae, Porlman Sq. W1H OJR 01-935 6382 F.P. Streamble	154.8 +1.3 1.79 9 Abya Place, Edwing E H2 4NG 1731-265 2521 Manages Language Languag	
	planning (5) 4 Turning out one's right about sight-seer (7) 5 Formerly quoted in a state of agitation (7)	1980   146.3    161.0    161	200   200	ME Fourty   1948   1958   19
Salas and all	agitation (7) [ELEVEN MELL] PMELET	Access Leets Angles /15522		

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Financial Times Tuesday August 12 20 **AUTHORISED UNIT TRUSTS & INSURANCES** INSURANCES 02737 3874 229.1 201.4 201.8 201.8 201.2 128.1 112.9 61.8 51.2 277.4 156.9 Tegency Life Assurance Co Ltd 5-57 Nich Hobers We'ly Arm Scottish Life Im 19 St Anter Square, Property irish Life Ass Langhow House, 2 Property Modeles -Property Modeles G | Commonthment | Chimer | Shade | Shad 147.7 Security Lawrence 1 19 to 19 t 0992 31972 01-680 7<u>1</u>81 = 101.8 105.2 117.3 95.4 104.3 104.3 209.1 Description | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17 +01) +01) +01) 100 - SA HA CALLATABARAN INTERNASIONAN MARKANAN MARKANAN SA SENTENASIONAN SENTENASIONAN MARKANAN MA 





Financial Times Tuesday August 12 1986 **INSURANCE, OVERSEAS & MONEY FUNDS** Heritable & General Fund Mingrs (Jersey) Ltd
Heritable & General Fund Mingrs (Jersey) Ltd
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GB Fast **MANAGEMENT SERVICES** estment Management (CI) +0 18 -0.05 ti New St. Bishoroane, EC2M 4NR 01-623 3000 Money Market **Bank Accounts** Noble Lowndes & Partners Ltd Citibank (CI) Ltd "Citifunds" 1914 +0.7 — 1922 +0.6 — -0.0io 12.862 | -- 0.876| Sharp (Albert E.) & Co OFFSHORE AND 205 Kleinwort Benson Group
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STRU Putnam International Advisers Ltd Taiwan (ROC) Fund on Vickers & Costa Ltd, King William St, London EC4 01-623 2494 Valy 9519 IDR value USS13,825-25. Swiss Life Pensions Ltd.

Close Nigh Low 103.40 103.48 101.70 104.88 104.05 103.90 106.25 104.25 107.40 107.00 105.40 108.70 115.0 111.50 108.50 112.20

PLATINUM 50 troy oz. 1/troy oz

 $\sqrt{N} < N$ 

### **US** traders in standoff over Soviet grain terms

US GRAIN exporters have so far failed to persuade Soviet trade officials to relax proposed contract terms which they claim

are impossibly tough, reports
Reuter from Washington.
The main concern is over the
Soviet Union's demand that its
buyers should have the option
to return a shipment if it does

to return a shipment if it does not meet quality specifications, instead of simply discounting the price.

A US industry official said just one rejected shipment would mean a multi-million dollar loss for the exporter concerned. "The way the Soviet terms are now, no exporter could go along with them," he said.

"We're trying to talk to the Soviets." he said, "but they're saying that everything is non-negotiable."

The new Soviet terms would

also mean that only 95 per cent of the purchase price would be paid at the time of the sale with the rest being held back

THE SOVIET Union has halted purchases of Indian wheat, complaining that it contains traces of "karnal bunt" disease, Mr Brahma Dutt, India's Minister of State for Commerce, told Parliament yes-terday, reports Renter from

New Delhi.

In 1985 the Soviets signed a contract to import 500,000 tonnes of Indian wheat, Mr Dutt said, but only 207,000 of fea ruptic and further exports were suspended after Moscow expressed concern over the quality of the world nartic

In 1985-86 (ended March 31) India exported 337,000 tonnes of wheat, including the 207,000 tonnes to the Soviet Union.

● YUGOSLAVIA has complained about the quality of the first \$7,000 tomes of US wheat received under the export enhancement program (EEP).

The US Department of Agri-culture's counsellor in Belgrade the protein, moisture and sediment percentages were reported to be satisfactory, the total admixture was 11 per cent, well above the 5 per cent allowable. One shipment, which arrived without the specified protein test certificate, appeared to be two years old or more as it lacked colour and the kernels were small, the report said.

TOTAL non-Communist world stocks of all forms of aluminium, excluding finished end products, were un to 3.704m in many weeks.

aluminium, excluding finished end products, were up to 3.704m tonnes in June from 3.681m in May but down from 4.188m tonnes in June 1985, according to provisional figures from the to provisional figures from the International Primary Aluminium Institute (IPAI).
Primary metal stocks totalled

1.88m tonnes, up from 1.799m in May and down from 2.325m a year earlier.

LONDON METAL EXCHANGE

(Changes during week ending last Friday) (tonnes)						
Aluminium	-4,900 to 126,5	Į				
Copper	- 575 to 154,7	į				
Lead	- 650 to 40,0	Ì				
Nickel	+ 300 to 6,9	k				

# Gold price surge takes market by surprise

320

310

BY STEFAN WAGSTYL

THE CURRENT burst of activity in the gold market has taken traders by surprise.

There was little to suggest at the end of July that the gold market price was about to soar the base down from \$352 an as it has done from \$352 an ounce in London on July 31 to hit a peak of \$397 in trading yesterday before falling back to close at \$387, the highest for two years.

Only a few days ago a leading London bullion house said in a report that the gold market was "passing through one of the quietest and perhaps most dismal periods for 10 to 15 Yesterday some gold traders

Yesterday some gold traders said they were busier than at any time in the last two years, including last January when rumours of a mystery buyer, later identified as the Japanese Government, brought the market to life. On the Commodity Exchange in New York, the world's largest gold futures market, trading volume reached 50,000 lots last Friday, against a daily average in July of 25,000.

a daily average in July of 25,000.

Most traders have little doubt that the gold price rise has been triggered by the increase in platinum prices which have more than doubled from a low last year of \$237 an ounce to close in London yesterday at \$544.50 an ounce, after touching \$560.

Platinum has risen because of fears about the possible inter-

BY ANDREW GOWERS

increase as traders digest the implications of production figures which indicate a sharply

reduced 1936 world tea crop.
At yesterday's weekly London

Sri Lankan industry in several

principal customers. Egypt and

the Soviet Union, also put in

their first appearance since April, a possible sign that the

terrorist poison scare which has hit purchases of Sri Lankan tea

year's production, and par-

may be on the wane.

**GOLD** in SDR terms London Price<sup>.</sup> PM: Flx

economic sanctions by applying export restrictions of its own, even though this is regarded in South Africa as extremely

The West's gold supply is much less vulnerable: South Africa is a major gold supplier—but since it accounts for only 55 per cent of the West's bullion it could scarcely impose a stranglehold, especially as atocks held by central banks are

However, investor interest appears to have spilled over into gold (and to a lesser extent months when the dollar has fallen almost continuously. However, there is another because the platinum market is comparatively small so in vestors look for alternatives; secondly, precious metal market is away from the precious metal market in the story. The influences which have kept investors secondly, precious metal market in the mark secondly, precious metal prices have historically moved broadly in parallel—an argument that tends to become self-fulfilling.

Crop fall revives tea market

SLOWLY, CAUTIOUSLY, con- first five months of this year expect the arrival of substantial in the months of this year expert the arrival of substantial fedence is beginning to return totalled 73,379 tonnes, some 30 amounts of quality North to the tea market. Auction per cent less than the January-Indians to bring a sharp rise prices in centres from Mom-May figure in the admittedly in the all-tea average price.

The one exception to the

India is the world's biggest

producer, consumer and exporter of tea, accounting for

about a fifth of total world exports in most years.

TEA PRODUCTION

73.379

24,580 8,936

Kenya and Bangladesh, among

other countries. Brokers say that information about the state

ward to a better quality North

of this year. According to the arrive at London auctions in June, there is still a likelihood International Tea Committee, September, peaking in Decemon of a modest surplus of production in the ber and January. Brokers tion over consumption in 1990.

361,426 420,043

47,118

24.354 8.514

North Indian crop starts to at the FAO meeting in late arrive at London auctions in June, there is still a likelihood

tonnes of bullion earlier this year for the minting of a coin mark the 60th anniversary of the reign of Emperor Hiro-hito and it is rumoured to be looking to buy perhaps 100 tonnes more to increase the size

of the issue.

This purchase has absorbed -for the time being at least-some of the increasing supply of gold which is pouring on to the market from Australia. Canada, Brazil and elsewhere. Western mine production has risen from 950 tonnes in 1980 to over 1,200 tonnes last year. Conditions in other financial

markets are also less unhelpful to gold than they were a year ago. Some investors are nervous about the future course of bond and equity markets and are taking profits. They are con-cerned about the US budget and

cerned about the US budget and trade deficits and about the volatility of the oil price.

Moreover, currency factors support the argument for some revaluation in the gold market. In the period to the end of 1984 gold prices fell as the US dollar transmitted. appreciated against other currencies. But gold has responded far less in the last 18 months when the dollar has

away from the precious metals markets in recent years are still present. At a time of low infla-tion and high real interest rates ruption of supplies from South tends to become self-fulfilling.

Africa, the source of more than tends to become self-fulfilling.

To some extent the gold marbold a non-income-yielding ket has been in a mood to asset. As soon as investors come world's platinum. Investors are respond to a positive stimulus to feel that the present rally is particularly concerned that of the kind coming from platiover they will be tempted to South Africa might react to num. Japan bought some 220 look elsewhere.

The one exception to the rising price trend appears

somewhat surprisingly—to be India itself. "There is no real

strength in any of the Indian markets, which is surprising given the state of the crop,"

said one broker. One possible explanation for this is that

domestic consumers are well stocked following last year's

surplus.

Tea exporting countries, meeting at the UN Food and Agriculture Organisation in Rome, have demonstrated their concern about the recent low

level of prices by agreeing to

impose a common minimum

The FAO maintains that the implementation of ISO stan-

dard 3720 could remove some

optimistic about the prospects. According to a study presented

all forms of food production. The natural elements of fertility,

phosphate, potash and lime, do

#### LONDON **MARKETS**

THE STRENGTH of the pre-cious metals prices spilled over into the London Metal Exchange's base metals contracts yesterday morning, pushing values sharply higher. The gains were not held, however, as sterling's rally against the dollar encouraged substantial profit-taking in the afternoon, and most values finished near the day's lows. Three months Grade A copper, which had climbed to £914 a tonne at one point, ended the day only £4 up on balance at £905.75 a tonne. The aluminium market's sentiment was easier from the sentiment was easier from the outset, possibly reflecting the announcement of a rise in non-communist world stocks in June. And with currency inspired selling fuelling the fall in the afternoon the cash prices ended the day £10 down at £749 a tonne. Among the "softs" coffee built on Friday's sharp rise with the November position adding another £40 at £1,992.50

### LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

Unofficial + or   close (p.m.) —   High/low	Coconut (Phil) Paim Malayan
sh 748,5-9.5 -10 - nonth s 761-1.5 -10.5 774,5/768,5	Copra (Phil) Soyabean (U.S.) GRAINS
Official closing (sm): Cash 753-4 60-0.5), three months 787-8 (772-2.5), ttlement 754 (760.5). Final Kerb se: 760-0.5. Turnover: 17,300 tonnes.	Barley Fut Noy. Maizs Wheat Fut Nov. No. 2 Hard Wint
OPPER	COCCE Ft. Dec.
	Coffee Et Nou

rran				Cocca Ft.
rade A	'nottic,!	+ or	High/low	Coffee Ft. Cotton A II Gas Oil Se
n onths	close	i+4	893/895 914/905	Rubber (kl Sugar (raw Wooltops (
-1.5), ti	losing (er	912-	Cash 892-3 3 (901-1.5), Final Karb	# Unque per pound * Cotton C

COCOA

clase: 906-7.			
Standard Cash 5 months	865-7 885-7	+8 +6	870/865
Official cl (858.5-7), th	LOG LOGIL	ths 89	Cash 870-1 0-1 (878-9)

prices 61.5-86 cents a pound. Total Turnover: 17,100 tonnes. LEAD

	Unofficia close(p.n £ per	ni + or n.) — tonne	High/low
Cash 5 months	252-3 263-4	+2.75 +5.88	264/262.5
(258.5-9), 9.5), sett close: 26	three mo	nths 263. 63 (259). nover: 13,	Cesh 252-3 75-4 (258.5- Final Kerb 150 tennes. and.

### NICKEL

	E per tonne	High/low
Cash 3 months	2590-600 -27,5 2591-5 -27	2580/2 698 2628/2 580
(2,610-5), (2,610-5),	closing (am): Car three months settlement 2,595 close: 2,595-05.	2,587-800 (2,615).

quality standard on tea exports. TIN 20,000 tonnes of tea from the ZINC

world market.	Lino			
However, brokers say that this estimate is much too high. The London auction already	High grade	Unofficia close(p.n £ pe		High: low
applies such a standard, and India and Sri Lanka, for	Cash 8 months	544-8 545-8	-0.5 +0.25	547,5/547,6 551/544
example, apply considerably higher ones.  For the medium term, tea exporters are not particularly	Official closing (am): Cash 547-8 (544.5-5), three months 549.75-50 (544.5-5), settlement 548 (545). Final Kerb			

Gold rose vary sharply on the London buillon market yeaterday morning, and finished \$17½ higher at \$396-\$288, but \$10 down from the morning peak. Fasts about supplies of plathnum, because of the atuation regarding South Africa, gave a strong boost to precious metals in general, which ancouraged specularius interest. Gold opeend at \$394-386, and rose sharply to be fixed at \$394½ in the morning. It buched a high of \$398-396, the highest aince March 14 1984, Yesterday's low was \$379-381, and the metal was fixed at \$388 in the afternoon, before finighing at the highest closing level since June 7 1984.

GOLD BULLION (fine puncs) August 11 GOLD BULLION (fine ounce) August 11

Min'g flx., \$594.00	(£267,186)
Aft'n'n flx \$588.00	(£262,519)
GOLD AND PLATIN	UM COINS
Kr'g'r'nd 8383-386	(£2584-2604
le Krug 83041-3051,	(£1374-1384
14 Krug 8304-106	(£70-7054)
1/10 Krug 8481-431,	(£2812-394)
Maplelaef 83994-4021,	(£2862-871)
Angel 8399-402	(£269-2711-
1/10 Angel 8401-431,	(£2614-634)
New 80v 891-94	(£614-634)
Old 80v 891-94	(£310-337)
S20 Eggle 3480-800	(£384-3694)
Noble Plat 85694-5784	

Close ...... 8386-388 (\$250-261½) Opening... 8384-385 (\$250<sup>3</sup>4-262¼)

SILVER par troy oz	Bullion Fixing Price	+ or -	LM.E. p.m. Unoffic'i	+-
pot months. months. 2 months		+ 18,9 +26,4	376.6p	+18,
LMS—Tu ounces.	imover, 8	(11)	late of 1	0,00

Three months high 380p, low 379.5p, MEAT MEAT COMMISSION — Average fat-stock prices at representative markets. GB—Cattle 95.63p per kg kw (+0.13).

d	(+2.12). (-1.40).	GB—∓	r kg es 87p per	t de kg.h	
ē	LIVE	LIVE PIGS			
A: e o-	Month	Yiday'a close	+or	Yiday' a Close	±0
8 7 8	Aug Sept Oct Nov Jan Feb	98.50 — 98.80 — 99.50 +0.30	+0.20	97.00 103.50 104.00 99.50	-0.56 -0.5
T	Cattle Pig sel	seles: 0 es: 0 (0	(0) lp ) (ots	ts of 5,0 of 3,250	XXX kg.

### **US MARKETS**

INDICES

REUTERS

DOW JONES

Aug 8 Aug 7 Mth ago Year ago 1455,1 1465,6 1412,6 1711,8

Dow | Aug | Aug | M'th | Year Jones 8 7 ago ago

Spot 117,28 116,39 — 114,66 Fut 114,84 113,33 — 116,26

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

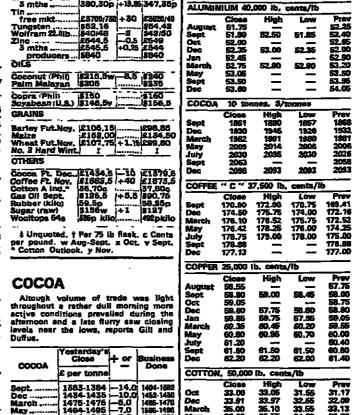
Free Market ..... \$1225/245 -5 \$1200/220

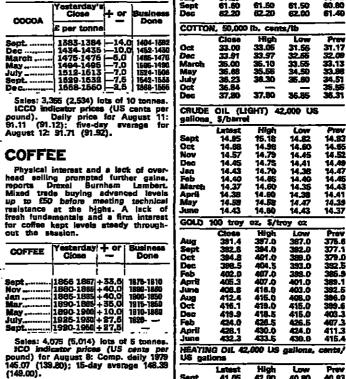
Aug. 11 + or Month 1986 - ago

(Base: December 31 1931=100)

COFFEE FUTURES were locked in at 4c limit-up in the deferred months, but showed pared gains in the showed pared gains in the limitless nearby positions in quiet trading, reports Heinold. Values came off the highs in the nearby months when trade seiling thwarted attempts to penetrate resist-ance levels and forced locals ance levels and forced locals to take profits. The precious metals emerged again as leaders with platinum as the star performer. The platinum October position closed limit up at \$548.18. Gold closed \$15.8 higher, some \$ 6 below the day's high. Silver found support in these conditions and moved 25c up on the day. Sugar was unable to break through the 7c level, break through the 7c level, basis October, as profit-taking pared gains. The meat mar-

Free Market \$1225/248,-5  \$1200/220	day. Sugar was 1	unable to
Copper	break through the	7c level
Cash Grade A £886,5 +4 £887	basis October, as pr	ofit in kins
3 mths£905.75 +4 £906.76	Danis October, as bi	
Gold Troy 0z , 5587 +17.12 8845.5	pared gains. The	
Lead Cash£262.5 + 2.75£249.5	kets closed lowe	er unde:
3 mths £263.5  +3.89,£253,25	selling pressure from	m acmenie
Nickel		
Free Mkt 175/185c 175/185c	sion houses and lo	cais,
Palladium oz \$131.50 +6.198111.85		
Platinum oz \$544,50 +42.25 9433,75		
Quickeliver: 8165/165 6190/260	NEW YORK	
Silver troy oz 371.75p (+18.40 339.16p	MEM IOUK	
5 mths 380,30p +19.85 347,35p	ALUMINIUM 40,000 lb, ca	nte/lb
Tin		
free mkt£3700/760 + 80 £3620/40	Close High	Low Pr
Tungsten 552,16	August 61.75 —	52.
Wolfram 22.0b \$40 48 -2  \$48 50	Sept 51.90 52.50	51.85 52.4
Zinc	Oct 52,00 —	<u> </u>
3 mths£545,5 +0.25 £844	Dec 52.35 63.00	52.35 52.1
producers 5840 \$840	Jan 52.45 —	- 62
OILS		52.80 53.
	May 53.05 —	_ 53.
Coconut (Phil)  \$215.5w 8.5  \$240	Sept 53.50 —	_ 53.2
Palm Malayan \$205 8235	Dec 53.60 —	
Copra (Phil)  \$150	Dec 30.00 —	
Soyabean (U.S.)   5146,5y   5156,5	COCOA 10 tonnes, 3/to	
Grains	Close High	Low Pri
	Sept 1861 1890	1857 18
Barley Fut.Nov. £105.15£98.85	Page 4440 9046	4030 10





Seles: 4,075 (5,014) lots of 5 tonnes. ICO indicator prices (U5 cents per pound) for August 8: Comp. deily 1979 145.07 (139,80); 15-day average 148,39

### SOYABEAN MEAL

### **GRAINS**

WHEA	T	- 1	8,4	RLE
Minth	esterday' Close	• <del>+</del> or	Yest'rdy' Close	۹ <del>+</del> _
Sept	105,35	+ 1.10	103,50	+0
Nov	107.75 110.65	+1.15	105,15 108,40	ļ <del>,</del> ;;
Mar	113.10 115,55	+1.29	110,75 112,30	±0

Business o	181	C-	40E 1
4.50. Nov 10			
March 113.20	-2.40, Ma	ay untrac	led. Sele
671 lots of			
103.30-3.00,			
108.40-8.10,	March	10.75-10	1.50, M
112.10-2.00.	Sales:	123 ig	ts of 1
tonnés.			
HGCA !	Locations	ıi ex-fa	1770 S.C
prices. Fe			
E. Midlands			
Seetland 67			

sefficient for the week beginning Mon-day. August 18 (based on HGCA cal-culations using four days' exchange rass) is expected to change to 1.191.

24.467 peckages were on offer at the London tos auctions, including 3,000 in the offshore section, reports the Tea Brokers' Association. Competition remained strong and general. Bright figurating East Africans sold at firm rates while coloury mediums and Central African tess often showed advances of 3-8p. Pleiner sorts were again irregular. Ceylons met good demand with prices generally firm. Offshore tess sold readily at firm to dearer rates. Quotations: quality 200p a kg nominal (200p nom.); medium 185p a kg (182p); low medium 108p a kg (198p). **POTATOES** 

The market opened sharply lower following the collapse of the Dutch market from FI 93 to FI 83 per 100 kg. After April tested limit-down (£208.40) on the opening call, buying interest emerged to push levels up to around £215. After the Dutch close levels agejn fell to close at or near the lows on keen selling, reports Coley and Harper. 2 per tonne

### Sales: 1,862 (2,024) lots of 40 tonnes. Earlies—Aug 95.00, +10.00; Sept 90.00, -7.50, 90.00. Sales: 10 lots of

RUBBER

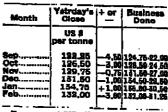
# PHYSICALS — The London market opened about unchanged, drifted es. lower throughout the day and closed quiet and easier, reports Lewis and Part. Closing prices (buyers): Spot 59-50p (same). Oct 59-00p (same). Sept 580.0p (same). The Kusis Lumpur fob price (Malaysien cents per kilo): RSS No 1 220.0 (21.0) and SMR 20 188.0 (188.5). PUTURES—Index 586, Sept 585-594. Oct/Dec 575-583, Jan/March 585-593, April/June 600-608, July/Sept 602-610.

OIL

rab Light	i 1	_
rab Heavy,	[ <del>-</del>	
UDAU	141.00-11.10	
rent Blend		-0.15
/.T.L (1pm est)	14.90-15.00	_
orcados (Nigeria)	_	_
rate (cif NWE)	i i	. –
1	í ,	ľ
RODUCTS—North rompt delivery cit	West Europe	•
rompt delivery cit	(# per ton:	ie)
Yennium gasoline	175-176	R R
as Cii		-0.5
eavy fuel oil	55-57	F-0-0
aphtha	111-114	<u>_1.5</u>
		<u> </u>
Canda all amdes		

Crude oil traders were anxious to know the level of availabilities from Saudi Arabia in September. August Ninilan was reported down at \$12.48 and September undeted Forties at \$13.25-13.30. Forward Brent traded thinly and mainly for November with prices firming slightly during the day. No trading was reported in Dubni crude but September talking levels firmed 20c against Brent, Nymex WTI for September opened 7c up and traded 77c up at 1.30 pm EDT. In the petroleum products market gas oil trade was thin and confined to the first half of September. Gasoilne and naphtha pricage talked lower in thin trade. Fuel oil had talked lower in thin trade. Fuel a quiet day—Petrolaum Argus.

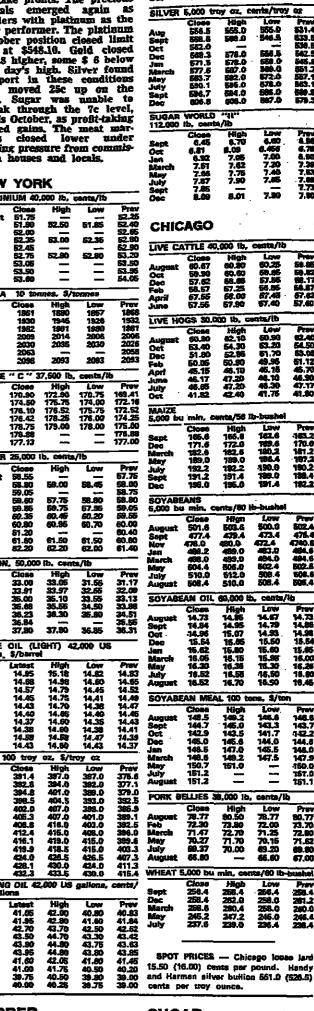
### **GAS OIL FUTURES**



Turnovar: 4,607 (3,736) lots of 100

### COTTON

LIVERPOOL-Spot and shipment sales for the week commencing August 4 amounted to 2,749 tonnes, against 1,649 tonnes in the previous week. Extensive dealings took place in Peruvien, American, Australian, Pakistani, Russian, Spenish and East and West African varieties.



### SUGAR

LONDON DAILY PRICE—Raw sugar \$158.00 (£105.50), up \$1.00 (up 50p) a tonne for Aug-Sept delivery. White sugar \$195.00, down \$1.00. Prices railied following reports that Pakistan had purchased 126,000 tonnes No. 6 Yest'rdy's Previous Close close

01.581454

	\$ par to:	100	
Oct	161.0-161.4	160.6-158	AND AL
	157.0 160.0	156,0-150	D1759 (L1
Mar	167.4-167.6i	165,2-165,	4179.0
May	171,0-171,6	199.0-169	2 172 6
Aug	174.D-176.0	172.9-174	ــــــــــــــــــــــــــــــــــــــ
Oct	178,0-186,8	178,8-177,	,8¦· —
Sales	2,951 (1,75	41 1-1-	FA
PARIS	—(FFr per	4) 1019 61	an tour
1377 0	sc 1325-132	tonney:	OCT 1
May 13	85-1410, A	o, imaigo	1300-1
1460-148	50 17.0, A	ng total	1440,
	nd Lyle deli		
lated bas	gis sugar w	*** ********	v (CJOS
A toppe	for export		- 1-400
	Appell		

untamational Bugar Agreement—(US cents per pound lob and stowed Carlbbean ports). Prices for August 5: Daily price 6.32 (5.30): 18-day averege 6.02 (5.55). FREIGHT FUTURES

	Close	High/Low	Prev.
	Dry (	Cargo	·
Oct. Jan. April July Oct. Jan. Apr. July BFI.	684/690 705/710 763/765 685/710 780/800 750/810 850/910 760/820 568,5	687/680 	675:67 701/70 735/76 660:70 900:85 900:85 900:85 900:85

| Close | High/Low|. Pray. Aug. 1060/1100 Sep. 1030/1100 Oct. 1100/1100 Dec. 1100/1100 Mar. 1100/1100 June 1030/1125 ETT. 1144

### Turnover: 15 (1). Brazilian coffee weather good

DRY, WARM weather continued across Brazilian coffee areas at the weekend and a frontal system moving north-east from Argentina was expected to bring welcomed rains last night.

### Nitrogen, a fertiliser under attack

The main reason for the that information about the state upward trend at London of crops last month confirms auctions is the information these indications.

Brokers are also looking formation and the state of crops last month confirms and the state of crops last month confirms.

ticularly the all-important Indian crop this year because North Indian crop — which has the bushes have grown more

been limited by several months slowly in the dry weather. The of dry weather at the beginning North Indian crop starts to

Zinc (ounces) -1,000 to 29,750 -1,470,000 at 29,424,000 NO FARMING input has played a greater part than nitrogen in fuelling the surge in European cereal and grass yields over the last 150 years. But with grain production now heavily in excess of demand and the

cost of disposing of the surplus mounting by the year this fertiliser is increasingly being

identified as one of the principal

villains in the European farm-ing scene, rather than as its chief benefactor.

Proposals for imposing a levy
on nitrogen in an attempt to
reverse, or at least to slow, the inexorable rise in yields are being studied by the EEC Commission and Britain's National Farmers' Union. For the moment, however, its seems un-likely that there will be widespread support for such a move the farming community. While they recognise that some form of production curb must be on the cards most European farmers would prefer one of the other solutions, such as produc-

tion quotas.
Nitrogen was first introduced as a manure in the form of Peruvian guano, the dried residue of seabird excreta, then was produced as a by-product of coal gas in the form of sulphate of ammonia. But this method was superseded in the early 1920s by the development in Germany of the Haber Bosch process for fixing nitrogen from the air. This means that as long as there is a supply of fossil fuel or other form of energy, nitrogen can be pro-

There are some people, whose opinions one must respect, who state that the use of any form of manufactured fertiliser is



acids to make them more easily soluble.

Nitrogen and the other main nutrients, potash and phos-phate, are essential to plant growth and occur naturally in various degrees in many soils. But cropping or grazing removes them and they have to be renewed. Nitrogen will renew itself in the soil naturally. Before the war some farmers had a fallow break and the crop grown afterwards usually showed an improvement over the one before the fallow, which was partly due to the renewal of the nitrogen in the soil.

All living plants and organisms which are in the soil

will produce nitrogen, usually on decomposition. The legumes, of which the most important are clovers, will slough off nitrogen forming gas from nodules on their roots. Few New Zealand pastures for instance, which are among the most productive in the world, receive any man-made nitrogen. Their clover growth is stimu-lated by the use of super-phosphate and the resulting production is probably as heavy as any nitrogen-fertilised sward in this country. There have been many attempts to

furthest from the equator, the Bluff, is 180 miles nearer the equator than its British counterpart, the Lizard. Lucerne or Alfalfa is another

nitrogen producing plant much used in dryland farming, par-ticularly in Australia, and now spreading to other similar areas in the world. Considerable efforts have been made to develop this nitrogen fixing characteristic on the main grain plants, but so far with-out success. The legumes are doing exactly the same job as the Haber Bosch process of fixing nitrogen from the air but in much of the temperate world the sun will not do the job as efficiently as the other energy sources available.

adapted to the growth patterns which followed the increasing availability of nitrogen. The most interesting example of this

need nitrogen to become fully There are complaints that ex cess nitrogen has polluted water-courses and lakes by leaching from farmers' fields. Some of

the Great Lakes in the US are now bare of fish and plant life, but according to the latest information much of this has been caused by industrial pollution and farm wastes have had little to do with it. There is evidence of pitrata pollution and III. of nitrate pollution in some UK water catchments but how harmful this is to health has never been established. All the evidence is that the production of human food has been enor-mously increased and that, on balance, must be a good thing.
There is a practical point to
consider too. Farmers are very
mindful of the dangers of over-

mindful of the dangers of overproduction, but they also know
doing exactly the same job as
the Haber Bosch process of
fixing nitrogen from the air
but in much of the temperate
world the sun will not do the
world the sun will not do the
carburettor of an internal combustion engine. Many factors
influence crop yield—temperature, rainfall patterns and so
in fixing nitrogen from the air
on. A farmer has to do the best in fixing nitrogen from the air on. A farmer has to do the best were only one component of for his crops in every way. To the agricultural explosion, tax just one essential input to however. Plants needed to be the extent that its use is restricted. was the development of the other compensations.

Mexican dwarf wheats which were the backbone of the so called Green Revolution.

Was the development of the other compensations.

If, as I believe, the production of surplus foods will have to be limited, the only certain way is

The problem was that in to restrict the acreage planted creased use of nitrogen stimu-lated plant growth to the extent that the grain plants grew taller. basically inefficient, however. bad for health. These are the replicate the New Zealand conthat the grain plants grew taller, basically inefficient, however. A supporters of organic farming ditions in British pastures but outgrew their strength and failed much better solution would be who insist that the food they the clover does not work in to stand. The selection of dwarf to set the professional econo

ted, would unbalance the whole complex of food production. It would lead, undoubtedly, to demands for higher prices or

eat most be grown by natural the same way over here.

This, I always thought, was must be of natural or organic origin, such as nitrogen from animal wastes and residues, phosphates in the raw state and not treated with sulphuric the tover does not work with the same way over here.

This, I always thought, was this excess growth into grain distribution system to satisfy yield instead of straw. So there the world's appetite. Farmers is no doubt that this nitrogen, have performed their task of synthetic though it may be food production most admirably. Called, has been the catalyst It is time the distribution sector responsible for the upsurge of did as well.

delinited.

### CURRENCIES, MONEY and CAPITAL MARKETS

### FOREIGN EXCHANGES

## London and the City of Park 1, 1986 the year will be specified us for present the park of the pathilished may find use for the year will be specified use for the year will be specified use for the year will be specified use for the pathilished may find use for the year will be specified use for the pathilished may find use for the year will be specified use for the pathilished may find use

COAS

POUND SPOT-FORWARD AGAINST POUND												
Aug 11	Day's spread	Close	One month	% p.&	Three months	% p.a						
US	1.4710-1.4870	1.4860-1,4870	0.48-0.45c pm		1.28-1.23pm	3.3						
Canada	2.0413-2.0625	<b>2.0615-2.062</b> 5	0.33-0.23с рт		0.63-0.47pm	1.0						
Vothlad.	3.414-3.45%	3,442-3,452	1 <sup>3</sup> -1 <sup>3</sup> ic pm		373-3150m	4.3						
Belgium	<b>52.73-53.45</b>	63.36-63.46	. 18-13c pm		46-38pm	2.6						
)enmark		11.45-11.46	1-4ore pm		מאלק-יינו	0.1						
retand	1.0639-1.1030		per-0.10p dis		par-0.15dis	-0.3						
V. Ger.	3.03-3.06%	3.05% 3,06%	l'-l'spi pm		4-37-pm	5.						
inguno	213,65-216,37	214.75-218.35	60-155c dis		170-450dis	-5,						
pain .	197,19-198.55	198.25-190.55	36-70c dla		115-190dis	-34						
żely –	2,0831-2,106	2,104-2,196	1-4tire dis		3-7dls	-0.4						
lorway	10,821,-10.93	10.92-10.93	37 <sub>6</sub> -47 <sub>2</sub> 000 dis		114-124dis	-4,						
TENCE	9.847-9.95	9.94-9.95	27-24c pm	3.17	7-61 <sub>4</sub> pm	2.						
Weden	10.20 - 10.30 -	10.29 - 10.30 -	3-47-ого рез		13-4pm	0.3						
BORN.	226-229	228-229	I ly om	5.91	3-24 om	5.1						
ustria	21.33-21.53	21.48-21.83	10-85-pro pro	5.23	261-231-pm	4.						
witz.	2.431-2.465	2.453-2.483	13-13-0 pm	6.70	3 <sup>1</sup> 2 3 <sup>1</sup> 10m	Б.						

Aug 11	Day a apredd	Close	One month	7. p.a.	Three months	% P.a.
UKt	1.4710-1.4870	1,4850-1,4870	0.48-0.45c pm		1,28-1.23pm	
Ireland†	1:3449-1.3502	1,3460-1,3470	0.45-5.35c pm		1.25-1.15pm	3,66
Canade	1.3828-1.3660	1,3850-1,3860	0.23-0.28c dis		0.78-0.83dia	-2.33
Nothind.	2.3100-2.3250	2,3205-2,3216	0.17-0.14c pm		0.54-0.49pm	0,89
Belgium	42.50-42.76	42.60-42.70	2-4c dis	-0.85	7-11dls	-0.85
Denmark	7.684-7.734	7.70%-7.70%	1,25-1,85cre dis	-2.41	4.50-5.25dia	-2.53
W. Ger.	2.0619-2.0569	2.0800-2.0810	0.36-0.33pf pm		0.95-0.90pm	1.80
Portugal	445-145	146 - 165	90-150e dis	-9.EB	250-430dis	-9.33
Spain	133,45-134,20	133.70-133.60	75-95c dia		210-250dle	-6.87
Italy	1,411-1,420	1,4151-1,4164			157-17dis	-4.60
Norway	7.334-7.36%	7.344-7.354	5.00-5.30ore dis		14.75-15.154	-8.15
France	6.65 - 6.70	6.6836.537.	0.35-0.45c dis		1,30-1.45dis	-0.B2
Sweden	6.91-8.93%	6.92 - 6.93	1.80-2.00ors dis		5.30-5.60dis	-3,15
Japan Japan	163,40-153,90		0.26-0.21y pm		0.64-0.58pm	1.60
Japen Austria -	14.44-14.62	14.485-14.483			5-31 <sub>2</sub> 0m	1.17
Austrii Switz.	1.6800-1.8635	1.6556-1.6565	0.38-0.310 bm		0.81-0.75cm	1.90

EXCHANGE CROSS RATES

AUG. IT	-		.,000	TEN	F PT.	arr.	M LP	LUTE		P.Fr.
£	0.678	1,497		228.5 153,5	9,945 6,690	2,465 1,656	3,450 2,321	2105 1416.	2,062 1,387	63.40 48.66
DM YEN	0.397 4.376			74,61 1000,	3.247 43.52		1.127 15,10		0,673 9,024	
F Fr. 8 Fr.	1,005 0,406			225,8 98,79				2117. 654.8		
H FI.	0.290 0.475			68,23 108,8	2,883 4,7 <del>2</del> 4	0.714 1.170	1.639	610.1 1000,	0,598 0,980	
CS BFr.	0.485 1.577			110.8 350.4	4,823 15,69	1,194 3,884	1,678 6,448	1021. 3320.	1. 3,252	30.76 100,
	Yen per	1,000;	French	r per 1	O; Lim	per 1,0	)00; Be	g Fr p	er 100,	
File	<b>~~</b> CU	ORFI	CY I	NTE	RFS	T 24	TES			

August 11	Short term	7 Days	Month	Three Bionths	8ix Months	One Year
Sterling U.S. Dollar Oan Dollar D Guilder Sw. Franc Deutschurrk Fr. Franc Italian Lira.,	8-614 54-616 154-8 4-4-7 7-713	978-10 658-614 8-814 554-578 114-8 414-458 7-714 1114-1814	97g-10 67g-67g 81g-81g 67g-67g 41g-45g 71g-71g 107g-116g	918-918 67-576 819-886 57-576 486-419 419-456 719-714 1054-1114	9% 9% 6% 6% 8% 8% 6% 5% 4% 4% 4% 4% 7% 7%	611-912 616-612 616-612 616-612 616-613 616-613 714-743 11-1114
B.Fr.(Fin) B.Fr.(Gon) Yen D. Krone Asian # (Sng)	674-714 684-714 419-4-8 716-954 686-619	7-714 7-712 414-478 9-912 518-518	71g-75g 7-71g 41g-47g 9-91g 64g-64g	1 <sub>9</sub> 7.75 <sub>5</sub> 7-71 <sub>4</sub> 4 <del>13.</del> 47 <sub>5</sub> 93 <sub>6</sub> .107 <sub>9</sub> <del>168.57</del> 2	714-719 7-719 416-434 988-918 618-618	714.716 7-716 411-434 934-1014 6-16-6-18

England	Morgan
शर्व कर	Guaranty Change %
71.1 110.6 77.4 150.7 96.3 88.6 159.8 168.4 189.0 69.9 47.8	-91.3 +8.1 -12.8 +8.0 -5.7 +0.9 +17.4 +22.9 +11.7 -13.3 -16.2 +52,1
i=190). ~	and Index
	71.1 110.5 77.4 150.7 96.5 88.6 159.2 168.4 189.0 69.9 47.6 818.4 changes

<del></del>	U-111	, IN	
Aug. 11	Benk rate %	Special Drawing Rights	European Currency Unit
erling	412 912 318 8 8 4 2019	1,21028 17.5103 51.5398 9.32642 2.48882 8.80543 NA 1721,48(1) 185.899 9.89072 161.879 8.38864 2.00120 163.353 9.89772(1)	<del>-</del>

OTHER CURRENCIES

9.90 am ..... 70.7 10.00 am ..... 70.9 11.00 am ..... 70.7 1.00 pm ..... 70.7

2.90 pm ..... 70.8 71.0 3.00 pm ..... 76.8 70.9 EMS EUROPEAN CURRENCY UNIT RATES rata 43.5958 7.88688 2.10571 6.84315 2.37261 0.758609 1447.73 Seigian Franc ...
Danish Krons ...
German D-mark
Franch Franc ...
Dutch Guilder...
Irish Punt ..... 7.81701 2-11083 6.87316 2.37833 0.784976 1476,95

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

### **MONEY MARKETS**

### Longer term rates look easier

INTERBANK RATES for three months and longer tried to move lower yestarday in resction to the pound's firmer trend. This was the only activity in an otherwise quiet and featureless day. The Bank of featureless day. The Bank of England left the morning of 258m though in an otherwise quiet and focal anthority bills and 257m of England left the morning and the published shortage with discount houses contain to pick up funds during the morning at relatively attractive levels. Three-month interbank money was quoted at 91-91 per cent and shortage to whole additional assistance of 2576m through outright purchases of 258m in Treasury bills and 2185m of eligible bank bills in band 2 at 91 per cent and 219 per cent and 229 per cent and 22

SOMT FUT

Azilian W

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a shortage of around £450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £954m and 5.60 benks' balances brought forward £70m below target These were partly offset by Exchequer transcations which added £250m and a fall in the note circulation of £316m. The forecast was revised to a shortage of around £500m. MONEY RATES

Over night Months | Three Six | Lombard | Months Frankfurt...

Tressury Bills (sell): one month 9th per cent; three months 9th per cent. Bank Bills (sell): one month 9th per cent; three months 9th per cent. Treasury Bills: Average tender rate at discount \$.5845 per cent. ECGD Fixed Finance Schamo IV reference date July 2 to August 5 (inclusive); 10.009 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from August 1 1966. Benk Deposit Rates for sum at seven days' notice 4.35-4.375 per cent. Cartificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9th per cent; three-six months 9th per cent; six-nina months 9th per cent; nine-12 months 9th per cent. Under £100,000 9th per cent from August 5. Deposits held under Series 6 9th per cent. Deposits withdrawn for cesh 9th per cent.

### FINANCIAL FUTURES Firmer trend

PRICES WERE generally higher PRICES WERE generally higher The long gilt contract for in the London International September delivery opened at Financial Futures Exchange 120-01, up from 119-28, and

Latast High Low 94.49 94.51 94.58 — 94.51 94.57 94.55 94.56 94.54 — 94.39 94.38 94.13 94.73 — 30.67 93.88 93.85 83.62 93.63 93.632

R,000 20108 of 100 20 Latest High Low 99-24 100.05 99.09 99-31 99-10 98-18 98-46 98-13 97-23 95-21 95-25 96-21

94-14 94-14 84-14 93-14 98-19 93-14 92-27 - 82-14

STERLING INDEX

8.30 am ..... 70.7 79.8

Aug 11 Previous

71.1 71.1

US TREASURY BONDS (CBT) 8% ST09,000 32nds of 100%

Prices.

However, sterling's recovery in the afternoon and a slight easing in longer term cash rates helped the price improve to a high of 90.25 from an opening level of 90.16 before closing at 90.23, up from 90.20 on Friday.

US bond prices were also firmer, gaining strength from PRICES WERE generally higher in the London International Financial Futures Exchange yesterday with sterling based instruments reacting favourably to a stronger pound. Opening prices had already shown an improvement from Friday's close, helped by strong demand in the US bond market.

The long gilt contract for firmer, gaining strength from from 119-28, and stronger lose, and touched a best level of 120-20 at 99-06, up from 98.08, the September contract attracted for further short covering to touch a high of 99-27 before finishing at 99-17. In Chicago the price briefly broke through 100-00 before slipping back a little.

UPPE I	LONG	GILT	FUTUR	ES OP	TIONS					UPPE (	JS TR	A\$UR	Y BON	D FUT	URES OF	TIONS	_	
Strike		C-U-	Last	_		Butte	LEST			Strike		Calle	Last	-		Darte	Lest	
price	Sant	Dec		June	Sept	Dec		June		Drite	Sent	Dec	Mar		Sept	Dec		June
116	4.37	5.33	47		0.01	1.05	~~	-	-	88	11.34				0.00		-	V
116	2.45	4,10	_	_	0.09	1.46	_	_		53	9.34	8.19	_	_	0.00	0.25	_	_
120	1.13	3.01	_	_	0.41	2.37	-	_		92	7.34	7.38	-	_	0.00	0.44	_	_
122	0.23	2.07	_	-	1.51	3.43		_	•	54	5.36	6.02	_	_	0.02	1.05	_	_
124	0.04	1.26	_	_	3.32	4.62	-			96	3.44	4.43	_	-	0.10	1.49	_	_
126	0.00	0.56	_	_	5.28	6.30	_	_	•	88	2.08	3.32	-	_	0.36	2.38	_	_
128	0.00	0.35	_	_	7.28	8.67	_	_	•	100	0.61	2.34	_	_	1.27	3.40	_	_
130		0.21		_ =		6.57	—	_	•	102	0.22	1.50	–		2.52	4.56	_	_
				Calls		Puts 2				Estimo						1z_166		
LIEARN	10 063	у в ор	on str	, Calls	13,023	ruu	4,044	•		LI STATIO		A 8 O			1,935	Pute	90/	
LIFFE 6	/S 05	TION								LONDO	M SF	F/S OF	TIONS					
£25,000										£12,500								
Strike	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	-Lest			Ourte.	Last			Strike	,		-Last	<del>-</del> -		Drate	Last	
price	A.M.	Sept			Aug	Sept	Oct	Dec		DIFFE	Aun	Sept			Ana	Sant	Oct	Dec
1.30		18.35	-	18.35	~	0,00	-==	0.33	,	135		19.80		19.80	~~_	0.50	-	7.5C
1.35			13,35		0.00	0.03	0.23	0.96		140	7.70	7.65	7-80	8,40	0.05	0.55	1.05	2.40
1.40		2.35	8.35	8.77	0.00	0.28	0.84	2.12	:	145	2.70	3.66	4.30	5.25	0.39	1.50	2.50	4.55
1.45	3.41	4.16	4.79	5.67	6.14	1.29	2.28	4.02		150	0.25	1.25	2.05	3.05	2.70	4.66	5.45	7.35
1.50	0.42	1.59	2.34	3.39	2,15	3.72	4.83	6.74		155	D.20	0.35	0.85	1.55	7.90	8,50		10.95
1.58	0.01	9.43	0.96	1.87			E.45			160	0.05	0.15	_	0.80	12.90			15.05
1-80		0.08	0.33	0.86		12.21	12.82	14.39	,	165		0.20	=	0.70		17.40		18.7C
Eurlmet						uts 0	201			Acimu			on m	_ CHRE	4,539	Puts	2,200	
LIGARDO	m cay	s op	MI 414,	Leiq	4,046	ruus D	,20 (			a circuit	a, oz.	•						
PHILAD	VEL DIALI	A CE	eie o	точе						LIFFS-	FIRO	0011	R OPT	IOMS			_	
£12.500				110140						\$1m po								
Strike	- (	_ <del></del>	_ <u></u> -			8	Last			Strike			-Lust			- A-44	-Last	
orice	A		—Last Dec		Ana	Sept	Dec	Mar			Sept		Mer	.luma	Sept		Mar	hose
1.30	~~	18.00	18,00			~Pr	0.25			92.25	1.39	1.42	1.34		0.00	0.01	0.03	
1.35			13.00	13.36		0.05	0.80	1.90	i	92.50	1.14	1.17	1.11	_	0.00	0.01	0.05	_
1.40	-		8.90		_	0.25	1.90	3.70		92.75	0.89	0.94	0.89	_	0.00	0.03	0.08	_
1.45	3.05	4.10	5.60	6.40	0.06	1.15	3.50	5.80	1	93.00	0.64	0.71	83.0	_	0.00	0.05	0.12	_
1.50	0.35	1.40	3.10	4.10	1.85	3.35	6.20	7.80		93,25	9.40	0.51	0.60	_	0.01	0.10	0.19	_
1.55		0.35	1.70	2.55	6.40		9.50			93.50	0.19	0.34	0.35	_	0.05	0.18	0.29	_
1.60	_	0.10		1.86	11.40			15.10	'	83.75	0.06	0.20	0.23	~=	0.17	0.25	0.42	_
Previou	s day	E A02	uma, I	Calls 51	14 Put	1,113	78 4E			Previou Estima	15 08) 16 V	e opi	an ant,		1,5/5 uts. 55	Puts '	1,361	
Previou	s cay	s ope	m mt,	CBUS	36,040	PUR	/0,75	•		CO TRUM	MG A	orume,	CHIE	U F	Tu2 30			
~ LIII	~*	^				1/	DNC	ΩN.					NUDCE	MONT	H EURO	DOLLA	D.	
CHI	LAG		_			_								inta d			••	
THREE-	MONT	H EUF	<b>SODOF</b>	LAR (II	MM)				OTION	AT CITY		•		Clos		*	OW	Pres
\$1m po	inta o	f 1007	<u>~</u>			250,	JUO 32	nds c	f 100%			_ ;	Sept	93.6			3.63	93.60
	Late	*	High	Low	Prev			lose	High	Low	P		Dec	93.6			3.64	93.50
Sapt	\$3.6		3,65	<b>83.63</b>	53,67			Ð-78	720-20	719-25		-28	Viarch	<b>93.5</b>			.55	53.5°
Dec	93.6		3.69	93.65	93,61	Dec		D-14	179-30	179-25		-24 .	ште	93.3	5 939	-38	93.34	93.30
March	53.6		3.59	93.65	83,50	Marc	ah 12	0-07	_	_	- 119		Sept	93.0			1.07	93.05
June	93,2		3.37	93.36	93.28	June		D-07			- 119		st. vo	C emul	,344 (4.0	<b>958</b> )		
Sept	-		3.DB	93.06	93.01	EST.	ACTUAL	16 5,8	39 (584)			'	TOVIOU	e day's	s open l	nt. 20,0	<b>340 (2</b> 0	),537)
Dec	-		2.79	82.7 <u>7</u>	<del>52</del> .73				pen int				JS TRI	EASUR	Y BOND	Ś		
March			2.50	92.47	92.45	Ter-	s quo	io (Ci inna,^	Aan cea	on price	97 L				32nds of			
June	92.2	. 8	2.21	92.21	92.19	of :	188- C	hutrer	o iess s conti	하다) - 하시네무 <b>의</b> (	-4 to	A-7 .		Clos			OW	Prev
CERT. I	DEPOS	IT (18	VIMI)			(321		414.0	- wiu		-, w		Sept	99-17			-06	96-06
\$1 <del>m</del> po	HIPPER O	1 100	6					ON A	SHORT	CHT	_		Sec Jebr	96-29				97-21
	Late		High	Low	Prev				SHOKI 3 100%	GILI		1	st. vo	iume 7	,342 (7,	512)		
Sept		_ '	_		93,95	-130				- 1		_			open l		31 (7,	700)
Dec Dec	_	_	_	~	93.97	Barr 5		lose	High			TOV						
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IS TRE	A CL PO	V BII	S (14	BUD		Marc		0-57 0-57	=	_	- 100 100	52	CUR	KREN	icy i	FUT	URE	5

Est. volume 285 (357) Previous day's open int. 1,045 (1,234) Spot 1-mth. 3-mth. 6-mth. 12-mth. 1.4865 1.4819 1.4740 1.4619 1.4415 THREE-MONTH STERLING £500.000 points of 100% Sept 90-23 90.25 90.16 50.20 Dec 90.52 90.52 90.47 90.47 90.47 90.54 90.47 90.47 90.47 90.48 90.46 90.47 90.35 90.37 Sept 90.37 90.28 (1.971) Previous day's open int. 14,417 (14,306) IMM-STERLING Sa per £ Latest High Low Prev 1.4785 1.4775 1.4710 1.4725 1.4840 1.4655 1.4690 1.4510 1.4470 — 1.4480 June 1.4350 1.4350 — 1.4 LIFFE-STERLING 225,000 \$ per £ Previ 98103 98-10 97-15 96-20 95-28 95-63 94-14 93-27 High Low Prev 1.4735 1.4706 1.4694 1.4602 1.4802 1.4572 — 1.4456 Close 1.4787 Close High Low Prev Sept 1.4767 1.4735 1.4706 1.4634 
Sept 156.50 156.50 154.60 156.25 
Dec 161.35 160.70 156.25 159.10 
March 163.35 
Est. volume 318 (233) 
Previous day's open int. 2,684 (2,656) 
Close High Low Prev Sept 1.4767 1.4765 1.4634 
Sept 1.4767 1.4765 1.4765 1.4502 1.4502 1.4502 
March 1.4547 
Est. volume 88 (42) 
Previous day's open int. 1,686 (1,844)

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NOTICE IS HEREBY GIVEN that the creditors of the above-named company one required, on a botton Soptember 19, 1986, to send their names, addresses and particulors of their claims to the undersigned, the liquidator of the company, at Arthur Young, Rolls Buildings, Fetter Lane, London ECAA 1NN, or in detault thereof they will be excluded from the benefit of any distribution made before such claims are notified,

Date: August 5, 1986,

C. W. KEMPE, C.A.,

Liquidator.

Motor Cars

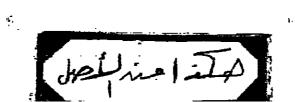
# EWORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Appast 11, 1986. In some cases rate is nominal. Hisrarch rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. deltar partities and going starling-deltar rates; (T) tourist rate; (Bus) basic rate; (bg) buying rate; (Bit) basicars' rates; (cm) commercial rate; (ch) convertible rate; (fin) financial rate; (acf) exchange curtificate rate; (acf) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF 5 STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afgheet Lek	99.00	Ghasa	Codi	132.525	Panarra	. Baltan	1.4965
Albania	Disser*	10.06 6.83	Gibraltar	Gibraitar £ Drachma	1.0 197.80	Papus New Guinea		1.4467
Andorra	(French Franc Spanish Pesota	9.9450	Screenland	Danish Krone	11.4550	Paraguay		(354.40 (10) (362.6
	LSpanish Pesetz	<b>198.40</b>	Grenada	E. Carthhean S	3.99	PersPhiliples	. inti	exe(A)20.59
Angela	Kwasza E. Caribbesa S	44.9 <u>63</u> 3.99	Guadaloope	Local Franc U.S. S	9.9450 1.4865	Philiphes	Philipine Peso	28.58
Argentina	Anstral	1.3740	Gostemala	Quetzal	1.4865	Phealry Islands	New Zestand S	2,9823
Ariba	Floria	2.68	Gainta	Franc	502.01(19)	PolandPortugal	Zioty	240.22
Australia	Australiae \$ Schilling	2.4363 21.505	Gujeri	Pesp Grynnese \$	251.712 5.8630	Puerto Rico	Escado U.S. S	215.55 1.4865
Astres	Portuguese Escudo	215.55		Gourde	7.4325	Gater		1.4865 5.3710
Bakesnas	Bakana \$	1.4865	Haid	Leopira H.K. Ş	2.9681	Reginion iste de la	. French Franc	9.9450
DESTRUCTION	Dinar	0.5560	Hong Koog	H.K. S	<i>11.490</i> 5	Romania		((cm) 6.42
Balearic Islands	Spanish Peseta	198,40	Hargacy	Fortus,	64.796	Records		\(N/C) 15.79 127.09
Bartistesh	Taka Barbados S	42.40 2.99	lociand	leelestiic Kress	99.953	St. Christopher		3.99
Belatum	Belgian Franc	f(cm) 63.40	India	hadian Rupee Ruptah	18.37 1.668.45	St. Helem	St. Helena £	3.77 1.0
Belize	BS	(m) 63.85 2.97	1881	Rini	112.50	I 3L LUGS	E. Caribbean S	3.99
DETUT	C.F.A. Franc	497.25	iratirish Recublic	ireqi Dimir Puzit	0.4587 1.3025	St. Pierre	Local Franc E. Caribbean \$	9.9450 3.99
Bernsda	Semudan \$	1.4865	Israél	Shekel	2.39	Somoa American	U.S. \$	1.4855
Shuten	Nguitrum Bolivian Pesa	18-37 (6) 2811256.0	1746/	Lina	2105.0	San Marino São Tomé & Principe	itzilan Lira	2,105.0
Botswara	Pub.	3.0010	fvory Coast	G.F.A. Franc	497.25	Saudi Arabia	Dobra Saudi Rval	55.A7 5.5373
Brazii	Cruzado	20.39 (20)	Jamaica	Jamaicas Dollar Yen	7.9315(53)	Seperal	C.F.A. Franc	497.25
Burnel	U.S. \$ Brunel S	1.4865 3.2087		Jordaniae Diser	228.50 0.505	Seychelles	S. Rupee Leone	8.65 (a) 37.50
199274	Lav	1.3830	Kampuchea	Riel	N/A	Singapore	Singapore \$	3.1600
Burkino Faso	C.F.A. Franc Kvat	497.25 10.8267	Kenya	Kenya Sidiling	23.50	Solomen Islands	Soloman Is. \$	2.6168
Boread	Berundi Frant	174.70	KITIDEN	Australian S	2.4363	South Africa	Socnati Shiliting Rand	53.514 3.7560
C	C.F.A. Franc	97.25	Koren (North)	Won Won	1.3973 1304.94	Spale	Peseta	198.40
Carrageon	Canadian S	28620	Krumit	Kirkelti Ditur	0.4283	Spanish ports in Rertin Africa	Peseta	198.40
Canary Islands	Spanish Pesata	195.40	Lacs ,	New Klo	52.0275	Sri Lanica	S.L. Rupce	41.20
Cape Verde Islands Cayman Islands	Cape V. Escudo Cavman Isles, S	132.70 1.24	Lehenon	Lebanese & Maketi	65.9996	Sedan Republic	Sedan E S. Guilder	3.7363
Cent. Afr. Republic	C.F.A. Frasc	497_25	Lexito	Marian S	3.7560 1.4965	Surjean	Litenceni	2.6534 3.7560
Chad	C.F.A. Frenc Chilean Peso	497.25 284,95	LD-12	Lityan Disar Swiss Franc	0.4714	Sweden	Swedish Krocz Swiss Franz	10.2975
Clara	Resonable Yvan	5.4714	Licentenstein	SWISS Preside	2.4625 63.40			2.4625 ((A) (T) 9,0
Colombia	Col. Peso C.F.A. Franc	(F) 291.91 497.25	Marso			Syria	Syrtan £	(cm) 5.8345
Congo (Brazziville)	C.F.A. Franc	497.25	Madele	Pataca Portuguese Escudo	11.9747 215.55	Talwan	New Talwan S	£5.74
Costa Rica	Colon	(U) 83.24	Malabacy Receipts	M.G. Franc	830.15	Tanzanki	Tan. Stilling	61.00
Crons	Cuban Peso Cyones £	1.2819 0.7175	Malaysia	Kwache Riopeit	2.6475 3.8540		Barkti.	38.00 497.25
	OUNIO N	((com) 8.95	Maltilye Islands	Ruffera	10.4055	Togo Republic Tongo Islands	Palango	24363
Czechosiowakia	Kirana	at 15.59	1481 Republic	Ruftyra C.F.A. Franc	497.25	Trinidad & Tobaco	Trinidad & Tob. S	5.3514
		(m 15.23	Maita	Maitage £ Local Franc	0.5510 9.9450	Turker	Tunislan Dinar Turkish Lira	1_1334 (sg) 990.81
Demperk	Danish Kroner	11.4550	Macritania	Ostoska	110.44	Turics & Calcos Islands	8.S. \$	1.4865
Dilbouti Republic of Daminica	Diffouti Frant E. Caribbean \$	260.0 3.99	Marieus	Mauritin Ripae	19.15	Turals	Australian S	2.4363
Dominican Republic	Dominican Paso	4.2154 (7)	Mexico	Mexican Pass	{(F) 984.22	Ugenda	Uganda Shilling	(F) 6,800.00 12,060.0 (4)
<b>5</b>	•	(6) 163.32	Migreton	Local Franc	(ሬ) 946.58 9.9450	United States	U.S. \$	1.4865
Ependor	Sacre	(F) 243.65	Monney	French Franc	9.9450		Uruguay Pero	229.99
Eggt	Egyptian £	(ii) 1,0406 (T) 1,98	Montpolia	Tugrāk E. Carlabona \$	4.9880 3.99	United Arab Emirates . USSR	U.A.E. Dirham Rouble	5.4213 1.0079
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Ecuatoriai Guizza	C.F.A. Franc	497,25	Mezambique	Metical	(A) 59.52	Variati	Vatu	<b>344.3</b> \$
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Falkland Islands	Falkland Isles S	10 -	Klasmi Islands	Australian \$	24363	Venezuela	Bellvar	(5) 11.15
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France	Franc	9,9450	New Zealand	9L2, Ş	2.9828	Western Sames	•	1.4565
French C'ty in Africa _	C.F.A. Franc	497.25 9.9450	Nicaragus	Cordoba C.F.A. Franc	(d) NA 497.25			(A) 3.27
French Guleria	Local Franc C.F.P. Franc	170.0	Migeria	Nation	1957814	Yemen (North) Yemen (South)	Ryol S. Yemen Dinar	(A) 10.3250 (cg)
6200	C.F.A. Franc	497.25	Norway	Norwegian Krone	30.9250	Yugostavia	Neur Y. Disser	0.5064 603.03
Garatia	Detect	10.83	Oman Suitassite of	- -	0.5675	Zaire Republic	Zaire	87.869
Germany (East)	Ottmark	3.0625		=		Zaorbia	Kwarta	7.88
Gertszzy (West)	Destsche Mark	3.0625	Pathian	Pakistan Rupan	23.46	Zimbebwe	Zimbabwe \$	2.50
				·	<u></u>			

#Rate is the transfer market (spaintled). ## Now one official rate. (1) Executial goods. (2) Preferential rate for priority imports such as foodstaffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (5) Preferential rate. (6) Free rate for interty imports, rentificances of money abroad and foreign travel. (7) Parallel rate. (9) Sanknote rate. (10) Rate for exports. (14) Nearly all business translations. (15) Vietnam—1 new doog equals 10 old dongs. (16) Peru—1 last equals 1,000 olds. (17) (sree!—1 new shekel equals 1,000 old shekels. (18) Arths florins—new currency introduced January 1, 1986. (19) Guinea Republics—franc, new exchange rate astronomed. (20) Brazil:—1 cruzado equals 1,000 cruzeiros. Correction for



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August 12 h Financial Times Tuesday August 12 1986 INVESTMENT TRUSTS-Cont. FINANCE, LAND-Cont. MINES—Continued 1986 High Low Stock Price - | Ket | Cer | Gr's | 1915 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 1916 | 48 - 123 -| Diamoni and | Central African

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Central Rand

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89 | 45 | Semple & Jack 80.02 | 77 | 620d | 10 | 6.8 |
265 | 108 | West Rand R1 | 130 | 420 | 10120d | 2.1 | 1 MINES | REGIONAL & IRISH STOCKS | The following is a selection of Regional and Irich stocks, the latter being quoted in Irish currency. | Alkany Irich Rose £1 | \$79 | Fat. 13% 97/02 | \$13516 | +14 | Arrosts | \$1354 | +15 | Arrosts | \$135 | +14 | Arrosts | \$135 | +14 | Arrosts | \$135 | +14 | Arrosts | \$135 | +15 | Arrosts | \$155 | Arrost "Recent Issues" and "Rights" Page 23
(International Edition Page 19)
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Account Dealing Dates
Option

\*First Declara Last Account
Dealings tions Dealings Day
- 14 28 Aug 7 Aug 8 Aug 18
Aug 11 Aug 28 Aug 29 Sept 8
Sept 1 Sept 11 Sept 12 Sept 22

\*" Now-time" dealings may take
place from 3.30 sm two business days
earlier. Leading equities confounded

Leading equities confounded the majority of market traders and regained part of last week's sharp falls but the undoubted feature of the session was the strength of gold and platinum shares. The sudden outbreak of activity in the sector brought outstanding gains to many South African issues and any UK con-African issues and any UK con-cern with precious metal

Revived fears that an escalation of the economic measures against the Republic could result in disruptions to supplies of both in disriptions to supplies or doin gold and platinum to the Western world touched off some aggressive buying. The Stock Exchange "TOPIC" information service was forced temporarily to abandon dollar quotations of Gold shares owing to "fast market conditions."

Leading producers surged higher to establish gains of 8 higher to establish gains of 8 points as bullion threatened to pierce the \$400 per ounce level— it closed 17 up at \$387 per ounce at its highest since June 1984. The excitement spilled over into South African financial and industrial counters, all of which settled substantially higher on the day.

The three-week holiday trading Account otherwise opened in lacklustre fashion. Blue chip and other leading stocks went a few pence lower initially, although pence lower initially, although selling pressure was generally rather light. Good news via the July producer prices indices failed to make a mark until the implications for UK inflation, following an unexpected sharp reduction of 3.4 per cent in input prices, began to influence investors.

Demand increased for a range of issues and the FT indices moved into net higher ground, regaining the early losses which had resulted largely from constituent dividend deductions. Fresh support accompanied news of an early Wall Street upsurge yesterday and the FTSE 100 share index improved further to settle 16.1 up at the day's highest of 1542.8. The FT Ordinary share index regained an early fall of 5.3 to close with a net gain of 11.3 at 1228.7.

Gilt-edged securities fluctuated with the exchange rate. After morning duliness, sterling recovered to end higher against the dollar on news that Kuwait was to stop spot oil sales in September and October. Long Glits responded and in the after-house's business were showing net. hours' business were showing net improvements of around 1. The authorities surprised the market by cutting the price of the partlypaid tap stock, Treasury 8; per cent 2007, selling stock at 23; and then withdrawing. Index-linked stocks regained Friday's late losses which stemmed from news of fresh funding of £300m

**EQUITY GROUPS** 

& SUB-SECTIONS

CAPITAL GGODS (213) ... Bullding Materials (26) ....

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Other Industrial Materials (22)... CONSUMER GROUP (182)....

Chemicals (20)
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Miscellaneous (49)
IMOUSTRIAL GROUP(483)

FINANCIAL GROUP (117) 

British Con-2 5-15 years .....

3 Over 15 years....

Index-Linked

7 Over 5 years...

8 Ali stocks...

5 All stocks....

6 | 5 years...

FT-SE 100 SHARE INDEX 4 ....

FIXED INTEREST

Day's change %

148.22 +0.18 147.95

163.95 +0.36 163.36

136.98 +0.12 | 136.88

9 Behesteres & Leans . 118.91 +0.06 119.68 0.65 6.73

148.62 +0.15 | 148.52 | 0.11

115.73 +0.17 | 115.72 | 0.19

215.37 +0.13 | 115.38 | 0.16

10 Preference ....... 84.52 +0.10 84.50 0.06 3.79 18 Preference

Fri August B

nd adj. today

0.86

Oil & Gas (17) ..

Brewers and Distillers (22)
Food Manetacturing (22)
Food Retailing (15)
Health and Household Products (10)
Leisure (28)

# Gold and platinum shares feature but equities also advance

mercial Union, at 299p, and General Accident, at 811p, which both report half-year figures tomorrow, firmed 4 and 11 respectively. Royals, helped by news that its Royal Life Holdings subsidiary had acquired a big minority stake in estate agents William H. Brown, advanced 17 minority stake in estate agenus William H. Brown, advanced 17 to 819, after 822p; the first-bild results are due on Thursday. Elsewhere, Equity and Law put on 10 at 255p and Sun Life appreciated 7 at 847p. German concern Allianz leapt 30 points to 8800

season, investors yesterday chose to support NatWest which closed 11 higher at 487p xd. Lloyds improved 6 at 393p xd. Among merchant banks, Henry Ansbacher rose 5 to 76p following the humper interim profits ing the bumper interim profits and Rea Bros gained 4 to 67p on further consideration of the first-

With the notable exception of Blue Circle, which closed a net 8 down at 540p, after 538p reflect-ing worries about cheap Greek-cement imports, leading Buildings picked up from slightly easier opening levels to close virtually unchanged. Elsewhere, HAT Group, currently in receipt of an unwelcome offer from BET, firmed 4 to 132p xd on reports that Hawley Group had acquired a stake in the company, but Ibstock Johnsen, a firm market recently on takeover hopes, shed to 182p in the absence of any 4 to 1839 in the absence of any developments. Heywood Williams lost 10 to 218p following the interim results and details of the acquistion of the glass businesses of HAT Group and Norcros for a total consideration of £23.5m to be financed by a vendor share

#### Laura Ashley sold Laura Ashley failed to partici-

pate in the general recovery by leading Stores, falling to 179p at one stage before, closing 8 down on balance at 181p on nervous selling induced by rumours of a pending adverse circular. Else-where, the firmer tone was helped by news of the better-than-expected retail sales figures than-expected retail sales figures for June. Burton rose 8 to 284p and Storehouse improved 7 to 330p, while Dixons added 61 to 332p xd and Woolworth gained 15 at 630p. Marks and Spencer appreciated 3 at 195p and Next firmed the same amount to 241p after Press comment. Andre De Brott wayward to the strong Brett warmed to the strong annual profits recovery and payannual profits recovery and pay-ment of a final dividend with a rise of 4 at 26p and Tern closed 4 better at 45p following the annual general meeting. Tip Top rose 7 to 190p following Press comment.

The majority of the Electrical leaders were inclined firmer in Royals gain ground

Composities showed to good advantage as investors took an optimistic wiew ahead of the control of the cont

> FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

> > Monday August 11 1986

Est. Earnings Yield % (Max.)

Gress Dh. Yield% (ACT at 29%)

| No. | Change | Chiest | Chiest | Chiest | No. | No.

	F	INAN	CIAL	TIME	S STO	CK I	NDIÇE	S		
	Aug	Aug	Aug	Aug	Aug	762	19	86	Since Co	mpilation
	ï	8	7	6	5	390	fligh	Low	High	Low
Government Sets	88.98	88.86	88.86	89.02	89.21	83.71	94.51 (18/4)	<b>80.37</b>	127.4	49.18 (3/1/75)
Fixed laterest	95.63	95.77	95.76	95.87	%.12	88.58	97.68	86.55 (23/1)	105.4	50.53 (3/1/75)
Ordinary 🛡	1,228.7	1,217.A	1,221.5	1,233.7	1,265.8	964.2	1,425.9	1,094.3	1,425.9	49.4
Gold Lilnes	238.0	202.9	194.3	193.3	193.1	349.1	357.0 (27/1)	185.7	734,7	43.5
Ord. Dhr. Yield	4.47	451	4.50	4.46	435	4.85		1 100 20 7 20		
Earnings Yid.%(fell)	10.86	18.93	10.91	10.81	10.58	11.95	- In	does	Aug. 8	Apg. 7
P/E Ratio (net) (*)	11.23	11.15	33.18	11.28	11.53	10.32		Bargabs	95.2	104.5 135.4
Total Bargains (Est)	22,098	19,688	18,787	22,A39	21,683	21,359	Equity Bary Equity Valu	yakıs	144.3	135.4 1100.9
Equity Ternover Em		633.34	544.67	486.33	5%12	361.24	5-Day Ave	rage	1	[
Equity Bargains	<b>–</b>	22,264	20,894	19,454	20,707	29,018	Gift Edged Equity Barr	Bārgains	1114	112.4 122.8 978.9
Shares Traded (mi)	-	302.5	271.8	225.3	266.8	177.2	Equity Valo	E	131.1	978.9
♥ Opening 1215.2	10 a.m. 1213.7		a.m. 15.7	Noon 1218.9		p.m. 220.2	2 р.п 1221.		p.m. 222.1	4 p.m. 1226.2
Day's High 122	28.7. D	ay's Low	1212.1.							
Basis 100 Govt	Secs 15/2	10/26, Floo	ed Int. 192	B, Ondicary	1/7/35, 6	old Mines	12/9/55, SE	Activity 197	74 °NS=10.	96.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

year. Scantronic were noteworthy for a rise of 10 at 100p, while D. J. Security Alarms put on 131 to 113p xd, depaits the recent denial of bid talk.

Leading Engineers traded on

a much steadier note after last week's setback. GKN managed a modest improvement of 3 at a modest improvement of 3 at 278p, while gains of a few pence were also recorded in Hawker, 491p, and Vickers, 393p. Late support left Babcock 8 to the good at 180p, while Arthur Lee, the subject of a tip sheet recommendation, met with persistent buying and put on 8 to 78p. Interest revived in Molins, 4 better at 173p, but S. W. Farmer dipped to 8p on nervous offerings amid adverse rumours before picking up to close 15 before picking up to close 15 down on the day at 24p.

Rowntree Mackintosh, a dull counter last week following news counter last week following news of a £144m rights issue to finance the acquisition of US confectionery group Sunmark, staged a useful rally following favourable Press comment and closed 13 higher at 385p; the new nil paid shares gained 10 to 38p premium. Other leading Foods edged higher as the session wore on although business remained light.

Hotels were highlighted by Ladbroke which rose 12 to 353p reflecting demand ahead of the interim results due towards the end of the month. Trustiouse Forte firmed 5 to 147p xd, while Greed Matropoliten closed Grand Metropolitan closed a shade dearer at 368p xd. Mount Charlotte put on 32 to 90p xd following Press suggestions of a possible bid from Pleasurama.

Johnson Matthey up

Year ago (approx.)

Wed Aug 6

Johnson Matthey, reflecting further strength in the platinum price, met with persistent demand and moved up 27 to 215p.

Anguest 8

hadex No.

- 10.76 742.62 741.40 745.77 580.85 8.46 6.11 251.49 246.35 248.86 255.81 9.91 23.69 620.72 618.37 620.78 603.47 - 15.89 757.22 757.60 764.23 620.93

Mon August 11

9.25 9.25 9.59 9.56 9.71 9.72 9.56 9.23

3.73 3.59 2.53 3.38

9.88 10.56 10.57

Fri

August 8

8.33 9.24 9.28 9.60 9.58 9.57 9.74 9.74 9.58

10.86 10.44

10.81 10.48 10.09 10.88 10.63 10.20 9.94

11.42 11.25

laneous industrials, weekend Press mention stimulated revived demand for Norman May, which rose 23 to 198p. Manchester Ship Canal advanced 50 to 670p awaitdemand for Norman May, which rose 23 to 198p. Manchester Ship Canal advanced 50 to 670p awating further developments in the bid situation, while Extel, reflecting satellite racing contract hopes, put on 10 to 380p. Speculative demand left Star Computer 11 to the good at 93p, but fading bid hopes prompted a reaction of 5 to 173p in Nu-Swift. Magnolla Group responded to a newsletter recommendation with a gain of 10 to 115p and newspaper comment left Blue Arrow 12 dearer at 383p. Associated British Ports came to life with a rise of 10 to 263p, but nervous selling caused a reaction of 15 to 60p in Colorgen. Mainment firmed 5 2 at 79p xd. Press comment to 74p on the announcement that Microsystems Group has accommended to 10 to 18 to 19 to 74p on the announcement that Microsystems Group has accommended to 10 to 19 to 75p. Mar of 10 to 19 to 74p on the announcement that Microsystems Group has accommended to 10 to 19 to 75p. Mar of 10 t Microsystems Group has ac-quired a 7.5 per cent stake in the company. Among the leaders, company. Among the leaders, Beecham found support at 385p, up 10, while Glaze firmed 12 to 960p helped by US influences. Boots became a steadier market and settled a penny firmer on the day at 215p, after 212p. Umlever closed ‡ better at £17‡ awaiting today's interim figures.

Dealings got under way in Cityvision, formerly Intervision, following the reorganisation and capital reconstruction and the shares moved ahead from an opening level of 31p to close at 40p; the new nil paid shares started at 28p premium and advanced to 38p premium.

motions, 4 dearer at 150p, while Good Relations improved a couple of pence to 95p ahead of

Parkdale revived with a rise of 2 at 79p xd. Press comment stimulated interest in York Mount, 10 higher at 75p. Shippings were featured by a flurry of speculative activity in British and Commonwealth which ended the session 12 higher at 255p.
Investment Trusts provided a

investment Trusts provided a couple of firm spots. Reflecting the current strength of gold and platinum prices, Precious Metals advanced 10 to 126p, while Caledonia Investments found support at 226p, up 11. Pacific Investment hardened a penny to 116p on unitisation hopes. Among Financials Pressinguised gains Financials, Press-inspired gains of 4 and 5 respectively were seen in York and Equity, 63p, and Aitken Hume, 132p.

### Oils firmer

After an uncertain start.

Jaguar rallied on buying ahead of next Monday's interim results and closed 7 dearer at 530p, after 520p.

Lucas recovered 10 at 523p and Glanfield Lawrence moved up 4 at 100p. Appleyard hardened a few pence to 133p in anticipation of Thursday's interim figures.

Saatchi & Saatchi, the world's largest advertising agency, lumned 30 to 505 for the least two months. Closing levels were generally the day's best with Shell 8 higher at 836p and BP 6 dearer at 593p. Britoil improved 2 to 115p xd and Enterprise gained 4 to 118p. LASMO were 5 up at 115p and Saatchi & Saatchi, the world's largest advertising agency, jumped 30 to 685p following a weekend Press report that the shares on the Tokyo Stock Exchange. Aideom International closed 3 to the good at 58p, after 57p, on the announcement that the Board had received a bid approach from Addison Consultancy, while speculative buying in response to an investment recommendation left Wace 9 higher at 68p, Press comment also aided Trade Pro-

### **NEW HIGHS AND LOWS FOR 1986**

NEW HIGHS (53)
BRITISH FUNDS (1) Treas. 2\*pp 2016. AMERICANS (1) American Cysnamid. CANADIANS (2) Amer. Berrick Resources. Echo Bay Mines. Banks (2) Aigemene Bank. Deutsche Bank. BREWERS (1) Young Brawery. BUILDINGS (3) Conder Group. Tay Homes, Vibroplant. CHEMICALS (3) Engelhard. Schering AG. Thurgar Bardex. ELECTRICALS (1) Toshiba Corp. ENGINEERING (2) Downlebres. Lee (Arhur). POODS (1) Wessanen (Kon). IMBUSTRIALS (B) Astra AB, Hargreaves, Johnson Matthey, OCE Spc Cnv. 1987-92, Pitney-Bowas 5\*pc Cnv. Ln., Star Computer, Swedish Match B, Unilever NV. NEWSPAPERS (1) EMAP A. TRUSTS (14) Archimodes Cap., Baillie Gifford Shin Nippon, Drawton Japan, GT Japan. General Funds Cnv. Govett Oriental Inv., Japan Assats, New Tokyo Inv., Pacific Inv. Tst., Robeco (Br.), Do. Sub Shs., Stockholders Far East. OLLS (2) Imp. Cont. Gse, Do. Spc Cnv. Uns. Ln. '95-2000. NEW HIGHS (53)

MINES (12) Impale Platinum. ACM, Australie Mining, Brunswick, Grest Victorie Gold, Hawk Invs., Metale Expln., Paringe Mining, Renison, Sons of Gwalie, Highwood Resources, Northgate.

NEW LOWS (32)

AMERICANS (2) Bowsters Inc., Fin.

Corp. America. CHEMICALS (1) Leigh
Interests. STORES (2) Elect. Spec.

Proda., Prontaprint ELECTRICALS (3)

Magnetic Materials, Memican Int.,

Parkin-Elmer 4pc. ENGINEERING (1)

Farmer (S.W.). FOODS (3) Avana,

Baddays, Hillards. INDUSTRIALS (6)

AGB Research, Colorgen Inc., Hawley

Group, Lodge Cars, Mitchell Cotts,

Splash Products. LEISURE (1) Television Services. PAPER (4) Barker

(Charles), JWT Group, LCA Hidgs.,

Moss Advertising. PROPERTY (1)

Estates & Agency. SHIPPHING (1) Sea

Containers. TEXTILES (1) Lyle (S.).

TRUSTS (3) Personal Assets, Abjing
worth, Asset Trust. Ott.S (2) Olified

Inspection Services, Ultramar, MINES

(1) New Sabina Resources.

### BASE LENDING RATES

ABN Bank 16 19 Allied Arab Bank Ltd 10	Exeter Trust Ltd 1814
Allied Arab Bank Ltd 10	Financial & Gen. Sec 18
Allied Dunhar & Co 16	First Nat. Fin. Corp 11
Allied Irlsh Bank 18	First Nat. Sec. Ltd 11
American Express Rk 18	Robert Fleming & Co 18
Amro Bank 19	Robert Fraser & Ptrs 11
Henry Ansbacher 18	Grindlavs Renk +10
Associates Cap Corp19	Guinness Mahon 14
Ranco de Rilban 18	Hamhros Rank     19
Bank Hapoalim 10 Bank Leumi (UK) 18	Hambros Bank 18     Heritable & Gen. Trust 19
Bank Leumi (UK) 10	♥ FLU 52mbe(
Bank Credit & Comm 10	C. Hoare & Co 10
Bank of Cyprus 10	Hongkong & Shanghai 16
Bank of Ireland 16	Knowsley & Co. Ltd. 1614
Bank of India	Lloyds Bank 10
Bank of Scotland 10	Mase Westpac Ltd. 10
Banque Belge Ltd	Meehrai & Some Tad 10
Barclays Bank 19 Benchmark Trust Ltd 19	Midland Bank
Beneficial Married Language 15	Morgan Grenfell
Beneficial Trust Ltd 11	Mount Credit Corp. Ltd 10
Berliner Bank AG 19	National Bk. of Kuwait 10
Brit Bk of Mid East 19	National Girobank 19
Brown Shipley 10 CL Bank Nederland 19	National Westminster 15
Careda Demos-and	Northern Bank Ltd. 19
Canada Permanent 16	Norwich Gen Trust 10
Cayzer Ltd 10 Cedar Holdings 11	MAINTEN TOTAL TERRESONAL TO
6 Charterhouse Bank 18	PK Finans Intl (UK) 16%
Charternouse bang	Provincial Trust Ltd
Citibank NA 19	R Raphael & Sons 10
Citibank Savings	Boxburghe Guarantee 11
City Merchants Bank 10	Royal Bank of Scotland 19
Clydesdale Bank 19	Royal Trust Co. Canada 10
Comm. Bk. N. East 19	Standard Chartered 10
Consolidated Credits 19	"ITUSEE SAVINGS Rank 10
Continental Trust Ltd 19	ULI MOTERAPE Sympose #16.6
Co-operative Bank =10	UMBELL BERT OF KITCHES SE
The Cyprus Popular Bk 19	UDITED MIZE THE TANK
Duncan Lawrie 18	Westdac Kanking Corn 16
E. T. Trust 11	ATAL ORIDIR I VEWESLUM
Equatorial Tat Corp. plc 19	I OF EARLY 16
Members of the Acception House Co.	ammittee + 7 days to a second
WINDS TAXABLE TRANSPORT TRANSPORT TO	7 [38] Genecite 57 000
gross. I Mortspace base rate. 6 Dec	mand deposit 5.82%. Mortgage 11%.
Second Secondary Market Secondary	min depose states, mortgage 11%.

Tozer Kemsley reflected expansion hopes with a gain of 9 at

165p.
Persistent worries that South Africa may impose an embargo on exports of precious metals as a counter to threatened economic sanctions against the Republic prompted sharp gains in Gold and Platinum prices
Platinum was particularly buoyant — South Africa provides around 85 per cent of the West's needs — and touched a five-year peak of \$562 an ounce at the morning fixing before easing slightly following profit-taking from New York; the afternoon fixing was \$544.50 an ounce—a rise of over \$40 on Friday afternoon's fix. Major producers showed Impala 115 better at 750p and Rustenburg 95 dearer at 695p xd. Lydenburg rose 130 to 625p. Africa may impose an embargo

Demand spilled over to encom-pass builton and Gold Mining issues. Recent forecasts from London brokers that builton is set to attain \$400 in the near future appeared justified yester-day morning as Swiss support of the metal encouraged short-coverthe metal encouraged short-covering and the morning fixing was \$394.50 an ounce — its highest fixed price since March 19 1984. Dealers reported an extremely active business among both top-quality and more marginal counters. Vaal Reefs put on over 8 points to £43½, while Randfontein rose a similar amount to £48. Western Deep and South-vaal both improved by around 3 points to the common level of vaal both improved by around 3 points to the common level of fill. Among smaller-priced issues, Libanon featured with a gain of 115 to 775p. Klurcss, 700p, and Doornfontein, 531p, advanced 85 and 78 respectively. The FT Gold Mines index spurted 35.1 to 238.0 — its highest level since mid-May.

since mid-May.

South African Financials also South African Financials also put on a buoyant display. JCI were marked 8 points higher to £61, while "Amgold" closed 7 to the good at £42}. De Beers Deferred advanced 28 to 435p—the interim figures are scheduled for next Tuesday. Industrial stocks went better under the lead of Barlow Rand, 25 up at 255p. South African Breweries put on 18 to 168p, while SASOL improved 19 to 107p.

London-domiciled Financials improved in sympathy. Consolidated Gold Fields, firm recently reflecting revived bid speculation, touched 475p at one stage but

reflecting revived bid speculation, touched 475p at one stage but later encountered sporadic profittaking and settled only 8 dearer on balance at 462p. RTZ, aided by the strength of domestic equities, staged a late rally to close 15 up at 562p.

Golds provided the main feature in otherwise tentative overnight Sydney and Melbourne. Local and overseas

bourne. Local and overseas demand for "down-under" ex-plorers carried over into London and most closed at, or around the day's best. Central Norseman, 488p, and Gold Mines of Kal-goorlie, 470p, advanced 45 and 40 respectively, while Poseidon put on 8 to 127p. Sons of Gwalla attracted stong demand and rose 27 to 248p, while good buying, including "call" option business,

EUROPEAN OPTIONS EXCHANGE								
i			49.	N	ek.			
Sarti		Vol.	Last	Vol	Last	Yel.		Seek.
COLD C		7	72A	7	78	25	85	25,000.00
R GÓLD C	\$540	206 84	77A 52A	å	rg şərd	<b>3</b>		
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COLD C	5576	832	72	98 288 393	Į 및	<u>.</u>	7	-
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COLD P	2250	50	0.50A 0.70	134		75	430	
GOLD P	\$270	50	0.70	301	5.308	3	20	•
GOLD P	\$380 \$400	272	15	=		<u> </u>	· —	
			egt.	E	MG	N	-	
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S/FL P		_		<b> </b>	-	20	_	FL25239
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SIFL C	FL200	源	270 130	10	320A	<b> </b>	=	- <del>-</del>
SFL C	FL250	1011	0.70 0.40 0.10	3	146	2	2.90	
S/FL C S/FL P	FL250 FL250 FL250 FL250 FL250	35 80 45	177	75 75	4.50 6.90	1111	=	<u> </u>
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ABN C	FL640 FL620	367	投給	54	22.90	끭	35.50 35.50	Flass
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AFCA P	FL100 FL85	7	1430	34	15.508	] =	= 7	FL 98
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AKZO C AKZO P	F1.180 F1.160	374	210 350	10 147	5.70	13	7	
AMEY C	F1.75	6%	-7	10	4.90 5.70 9.56 4.40 6.50		= :	Francisco
AMEV P	F130 F1115	82	290	1 3		3	320	H-308/80
AMRO P	EL 110	72 117	320 320	22 39	350	1112112111	=	FLSSL/R
GIST P	FL56 FL180 FL180	761788 374 397 6478 27 11 51 51 51 51 51 51 51 51 51 51 51 51	7 2.70 2.90 3.70 3.20 0.60 4.50	25 25 21	7.20	1 33	70	RIM
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KLM P REDL C	FL180	305	3.60 2.50A	] ngr	4.80 5.40 6.50 4.60 5 3.30 1.20 5.80	] =	-	FR26240
NEDL P NATH C	FL160 F1,90	13	1,90 3,20 1,90	205	1460	1 23	5,60 7,30 4,50 3,60 9	17270
MATN P	只戴	2067	3.20 3.50		330	163	430	PISTAN
PHILP	FL95 FL90 FL200	750 464	130	꺯	138	器	360	FL189.40
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UNIL C UNIL P	FI.520 FI.480	420 367 121	13.70 4.806	귏	910	1 =	=	1

### YESTERDAY'S ACTIVE STOCKS

TOTAL VOLUME IN CONTRACTS: 47,230

		in the following stocks :		<b>.</b> .
Stock Caledonie Invs Cons. Gold Fields De Beers Defd Glaxo ICI Jaguer	Closing price 226 462	 Stock Londo Lucas Inda. Marks & Spencer Scentronic Stone Intl. Vezi Reefs	Closing	Dey's change +12 +10 + 3 +10 +10

#### PRINAVIC ACTIVE CTACKS

•				orded in SE Offi			÷
Stock Joota SKN Jind: Scientific J.J. Sc. Alarms Times Venese	No. of changes 26 25 25 25 25 24	Fri.	Day's change + 3 - 3 - 2 - 10 + 2 2 2	Stock STC Sears Cns. Gold Fds Pentiend Inde NatWest Ban Parkdale	No. of changes. 20 20 l. 19 l. 19 k 18	Fri. close 144 111 454 410 493 77	Day's chang - 2 - 1 +31 - 5 + 3

KISES AND LARES IN	SIER	DAI	
Corporations, Dominion and Foreign Bonds Insacial and Properties Illa Illa Illa Illa Illa Illa Illa Ill	Rises 79 10 410 130 31 2 402 79	Falls 10 2 258 103 17 0 10 87	Ser

LOND	ON	TRADED	<b>OPTIONS</b>
*****			

Option		Oct.	Jan	Apr.	Oct.	Jan		<b>I</b>	Option	′	Aug.	Nov.	Feb.	Ang.	Nov.	Feb.
Allied Lyons (*305)	300 330 360	20 9 2	30 15 8	40 23 13	10 20 57	13 33 60	15 37 63	(-2	nd 8k 532)	500. 550 600	40 10 2	55 22 7	70 37 38	2 22 67	10 32 70	15 37 70
B.P. (*590)	500 550 600	95 50 18	105 65 38	80	D <sub>2</sub>		77 48	(14)	& C. 1923	288	35	45 25 9	62 40 18	4 20 62	12 33 65	17 37 67
Cors. Gold (~462)	420 460 500	64 40 15	72 47 25	82 55	12 30 60	24 44 72	22		182)	200 200	70 12	2 17 19	38 24 15	2 7 20	5 12 22	8 15 26
· Courtaulds (*257)	550 240 260	5 24 15		=	102 5 12	<u>"</u>	=	R.T	7.2. 552)	<b>5588</b>	62 20 3 12	72 40 27 12	80 54 35 17	104 22 23	23 57	13 52 65 110
Com. Union (*297)	280 280 300	25 13	15	22 22 33	12 27 5 15	14 28	31		Reets (64)	50 60 70	142 <sub>2</sub> 5 144	16 <sup>1</sup> 2 10 <sup>2</sup> 2 5		3 3	2 4	39 <sub>2</sub>
Cable & Wire	330 300	3	24 14	21 62	38 7	13	19	Tr. 112	% 1991 1060		97	22	23 00 03	05 24 24 24 24 24 24 24 24 24 24 24 24 24		2 33 48
(*327)	325 350 375	29 30 4	35 22 11	97 95	19 33 55	26 40 570	32		% 03/07 11/0		24 11 02	4 3	쇛	42 02 42 42	44 <u>2</u> 27 <u>4</u> 313 51	-211
95:Sers (*690)	600 650 700	105 65 27	Ξ	=	15 35	ΙΞ	Ξ	<u> </u>	Option	122	Sep	2 <u>A</u> 1 <u>Z</u>	3   Nar	2/2   4/2   Sep	Dec	1 da
6.E.C. (*196)	180 200 220	16 7 3	24 13 7	30 18	17 36	9 19 36	11 22	(*3	des	360 390 420	35 20 8	45 23 17	2002	3	22	18 33 48 80
Grand Met. (*968)	360 382 390 420		35 22 15	40 27	27 26	16 38 65	22 40	Box	#5 15)	200 229 249 260	112 21 11	29 16 19	36 24 16	77 23 27	9 16 27	112
(*97 <u>1)</u>	900 950 1000 1050		125 87 57 37	302 50	19 25 59 85	18 35 55 55	42 70 97	BT (*25	 (表)	280 280 300	17	2	120 25 25	47 67 16	17	20 30
(and Sec. (*315)	306 330 360	25 9 2	33 16 8	42 24 12	5 19 46	10 21 46	97 11 23 46	Bas (*73	153	700 750	6 45 15	13 65 37	88	30	15 15	29
Marks & Spen. (*195)	180 200 220	20 7 2	26 14 7	33 19 12	3 10 25	5 13 29	7 15 30	Stan C		950 600 650	5 5 2	20 32 15	33 58 35	18 42	80 28 62	33 63
Shell Trats, (*833)	750 800 850	97 50 25	<del></del>	125 93 38	4 16 45	14 27 50	30 22 37 35	De 8-	eers .53)	550 600 650	95	7 115 85 58	130 28 28	112 10 12 15		112 35 66 85
Trafaiger House (*256)	260 280 300	19 6 3	26 16 7	35 24	8 21 32 32	12 23 34	)6 26	- Dha		700 300 330	38 14	35	쇞	85 3 12	95	10
Option		Acq	Hor	Mar	Aus	Non	100			360 280	6	교 교	22	30	20	16
(-206)	200 218 220 226	10 3 —	25 18 -	28 20	12	10 17	13	(*27	76)	300 330 360	13 7 2 1	7 2	25 25 13 7	18 51 58 58	11 12 12 13 13 13 13 13 13 13 13 13 13 13 13 13	23 34 56 88
Qution	296 240	Aug.	9 	10	28 -	2	33	Cia (*96	20	900 950 1000	5	60	떑	20	¥5.	=
Brit Aere (*488)	460 500 530	95 12 12	Nov. 48 90 12	Feb. 68 47 25	18	Nov. 13 33	Feb SUPS	Hans (*36	 33	1050 135 150	원 왕	<del>-</del>	=	100 1 1 2	<u></u>	220
BAT Inds (*386)	360 390	30 8	5 2	5 5	3 8	6 20	9 25			160 180 200	βη 3 11 <sub>2</sub>	19 9 4	25 13 77 <sub>2</sub>	7 77 76	- R 20 %	11 22 36
Bardays	420 460 420	1 02 40	4	<u>2</u>	L35 I	2 20	5	(-25	<b>5</b>	460 500 550	75 45 19	25 88 88	23	27 <sub>2</sub> 12 37	19 29	77
(*457)	460 500	10 2	17	50 30	15 47	25 55	30 60	Thorn (*46		420	S27	75 42	85	20	10 25	59 27
Brit. Telesom (*186)	186 200 220	11 2 1	10	254 15 7	3 16 34	16 35	10 21 35	Test		500 550 300	2 83	29	- -	골	**	47
Castrary Schwappes (*165)	186 200			23 14 7	27 <sub>2</sub> 14 36	7 17 36	11 20 36			3901	53 30 6	_	\$3		5 12 20	172
Imperiel Gr. (*341)	300 330 360	43 15 4	52 25 12	=	1	2 10 28	Ē	F7-SE Index (*1538)	- 1		5 78		*. Aug.	L Sept.	0e. 28	35
(*953)	300 330 360		62	_	1 3	3	5 9 22	(*1598)	1525 1530 1575 1600 1625	4277 932 2077 932	50 76 50 50 50 50 50 50 50 50 50 50 50 50 50	8 75 3 77 5 63	-   65	15 NA 25 MIN	25 25 25 25 25 26 25 26 26 26 26 26 26 26 26 26 26 26 26 26	1.000
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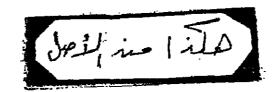
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### WORLD STOCK MARKETS

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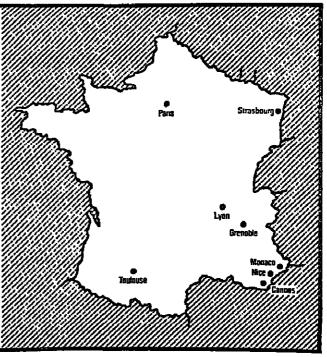
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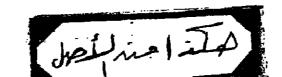
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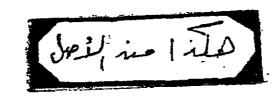
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### FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

### **Optimism on** lower rates resurfaces

OPTIMISM over interest rates, reinforced by a strong bond market, brought a sharp advance in Wall Street stock prices yesterday, writes Terry Byland in New York,

The Dow average rose nearly 30 points to close confortably above the 1,800 mark in its largest daily gain since the end of May.

In addition to its hopes of lower interest rates, the market was helped by the steadier trend of crude oil prices, and the growing belief that the sharp correction in the market has been good for its health. Stock prices ended a shade un-der the day's best levels with the Dow Jones industrial average finally 28.54 points higher at 1,811.16.

Turnover was moderate, but gains in blue chips later spread throughout the market. The surge in bullion prices and in mining stocks in Johannesburg found a response in the gold mining stocks traded on the US over-the-counter markets. Echo Bay Mines, the Canadian gold producer, rose sharply before sett-ling at \$20%, up ½ and well off the day's best quotation.
On the New York Stock Exchange,

STOCK MARKET INDICES

721.75

205.64

240.68

1,542.8

779.70

836.90

9.56

236.0

538,9

206.71

380.40

145.50

665.00

293.00

260 240

NEW YORK

LONDON

FT-SE 100

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Tokyo SE

**AUSTRALIA** 

All Ord.

Metals & Mine

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Montreal

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DENMARK

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WEST GERMANY

Commerzbank

FAZ-Aktien

HONG KONG

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YAWRON

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SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

(Lendon) Silver (spot fixing)

Copper (cash)

Coffee (Sept)

London

Paris (fibring)

Luxembourg

New York (Dec)

Zürich

Oil (Brent blend)

SPAIN

WORLD

ITALY

BELGIUM

CANADA

**TOKYO** 

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Industrials

**DJ Transport** 

S&P Composite

\*\*\* KEY MARKET MONITORS

Standard & Poors 500

1,811.16 1,782.62 1,320.79

712.88

204.00

236.88

1,526.7

757,22

831.22

9.58

202.9

17,479.11 17,435.53 12,401.2

1,437.22 1,426.54 1,001,25

1,153.1

533.2

233.24 232.65 178.78

3,787.24 3,779.22 2,311.24

2,099.9 2,017.0 2,087 3,041.9 3,017.5 2,778.4

1,517.76 1,501.26 136.42

378.1

144.4

2.014.00 1,952.2 1,413.1

1,927.04 1,931.29 1,676.51

739.37 743.76 362.56

290.4

340.83 338.70 340.57

772.71 763.68 757.99

1,501.6 1,274.0

2,561.90 2,538.39 1,367.10

Prev

331.2

Aug 7 371.75p

£1,866.50 £1,833.00

€886.50

\$13,325

August 11 \$387.00

\$389.50

\$384.25

\$383.00

\$398.50

164.36 183.26

523.80 514.4

Aug 6

332.2

COMMODITIES

GOLD (per ounce)

294.70 290,8

207.14 214.37

646.45 480.22

217.5

80.5

188.6

81.30

456.1

216.5

352.35p

£881.25

\$12.775

\$369.875

\$368.25

\$364.86

\$361.50

\$382,50

679.89

155.06

188.32

1,286.3

678.77

10.25

349.1

539.1

FFr SFr

C\$

Composite

ASA Ltd., the closed end investment trust which provides the main vehicle for US investment in South African gold mining issues, jumped \$1% to \$35%. Homestake Mining, the US gold producer, added \$1 to \$25%.

The revival of support for precious metals was not lost on other metal-orientated issues. The most active stock on the New York Stock Exchange was Kaiser Aluminum & Chemical, up \$1 at \$15% with nearly 2m shares traded before mid-session. Alcoa gained \$1% to \$35%, and Reynolds Metals, another leading aluminium producer, jumped \$1% at

Treasury bonds gained three quarters of a point as the credit markets looked for lower rates now that the US Treasury funding operation has been successfully concluded.

Wall Street's view that the rally in oil prices will prove, on balance, more favourable than harmful for US corporations also helped stocks. The precipitous slide in crude prices has been highly damaging to many areas of industry and has posed serious questions for the banks.

Stocks in the major US oil producers gained ground in response to higher crude prices. At \$63 Exxon added \$% on moderate turnover, Atlantic Richfield gained \$% to \$52% and Chevron \$% to

But chemical stocks also did well although they will suffer increased feedstuff costs as oil prices rise. At \$51% Dow Chemical gained \$1%, and Du Pont at \$78% was \$1% better. Union Carbide edged up \$% to \$21 as the company

1850

1800

1750

1700

1300

1250

3.05

227.0

2,4575

63.15 2.0415

10 4% 4'% 7%

67/10 61/4 6.35 5.88

2,105 2,097.5

Jul 1986 Aug

Aug 7

228.5

9.945

2.4625

63.40

2.0620

6% 6% 6%

6.10° 5.66°

Price

7.13 6.89 6.55

7.03 7.94

Prev

106%

101%

-0.12

-0.08

-0.06

-0.26

Yield

6.38

9.53

8.40

9.00

1007 6.59

99<sup>24</sup>/<sub>52</sub> 7.316 99<sup>14</sup>/<sub>52</sub> 7.455

**Previous** 

2.0695

154.1

6.72

1,6675 2.3315

1,423.5

42.85

1.3855

INTEREST RATES

US BONDS

August Price

100°152 6.801 100°752 7.25

100

Source: Harris Trust Savings Bank

Return Index

155.30

147.64

150.04

182.91

Source: Merrill Lynch

Yield

6.625

7.35

Aug 11" Dey's change

+1.36

+0.49

+0.22

+0.47

+4.57

Yield

6.50

9.55

8.50

8.60

9.67

9.81

99-25 100-04 99-09 99-03

94.50 94.51 94.48 94.45

93.64 93.66 93.63 93.60

120-18 120-20 119-26 119-28

n/a 93.95

August 6

106%

96.73

101%

90

95%

FINANCIAL FUTURES

Latest High

153.75

1.6560

6.69

1,416

42.65

1.3855

(offered rate) 3-month US\$

US Fed Funds US3-month Cl

Tressury

7%

(years)

1-30

1-10

15-30

AT & T

3% July 1990

10% Jan 1993

Phibro-Sal

TRW

8 April 1996

SCBT South Car

8% March 1996

9% March 2016

General Motors

9% March 2016

8% April 2016

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

° Latest available figures

Sect

Sept

Sept

LONDON

20-year No

US Treasury Bonds (CBT)

US Treasury Bills (IMM) \$1m points of 100%

Certificates of Deposit (IMN)

n/a

1993

1996

6-month US\$

ath CDa

blamed the Bhopal disaster on sabotage by a disgruntled employee.

Among the blue chips IBM closed \$1 up at \$131 after bearish press comments. Other technology issues were firmer, led by Digital Equipment, up \$4 at \$96% after the same investment article had suggested that Digital was faring well against IBM as the computer competition intensified.

Major market indices were boosted by strength in the Detroit motor stocks, which were recommended by an analyst at First Boston, who forecast that they could gain 50 per cent "within six months to a vear.'

General Motors bounded \$1½ ahead to \$71%, Ford \$2% to \$56% and Chrysler \$1% to \$38%. Turnover in the car makers was not heavy, however.

Special situations included a rise of \$5 to \$64 in Hammermill Paper after International Paper, world industry leader, had bid \$64%, to rescue Hammermill from the bid from Mr Paul Bilzerian's investment group.

TOKYO

### **Dampened** by summer holidays

MIDSUMMER vacations and concern over high prices dampened trading activity in Tokyo yesterday, but share prices managed a moderate advance, writes Shigeo Nishiwaki of Jiji Press. Investors sought some large-capital is-

sues, medium-sized constructions and securities houses for short-term capital Nikkei average ended at 17,479.11, up 43.58 from last week's close.

Gainers outpaced losers by a narrow margin of 409 to 402, with 149 issues un-Volume decreased from Friday's 701m

to 399m shares, one third of July's average daily volume of 950m shares. The stock market lost steam in sharp contrast to July when it showed a strong

performance paced by low-priced, largecapital stocks. Fund managers are on holiday, and institutional investors are awaiting the announcements of US economic statis-

tics, including retail sales for July, scheduled for later this week. In addition, stock prices are still at precariously high levels while many in-

vestors are unable to decide which issues will lead the market in the future. On the trading floor Mitsubishi Heavy Industries topped the active list with 42.70m shares changing hands, rising

Toshiba, the second-busiest issue with 38.70m, advanced Y8 to Y563. Tokyo Gas, third with 17.11m shares, jumped Y22 to Y792. Nippon Kokan and Nippon Steel gained Y3 and Y2 to Y233 and Y192, respectively, ranking fourth and fifth with 15.79m and 8.98m shares.

Medium-sized constructions scored remarkable gains, supported by speculative buying Sumitomo Construction leapt Y46 to Y620 and Tekken Construction Y34 to Y750. Sumitomo was the eighth most active stock with 6.77m shares traded and Tekken ninth with

General contractors firmed, including Ohbayashi which rose Y3 to Y778, but their trading was very light.
Tsukishima Kikai and Topre reg

istered daily limit gains of Y100 and Y200, respectively, to Y991 and Y1,550. There were rumours that speculators were hunting Tsukishima Kikai.

Biotechnology issues also ended on a firmer note, with Daiichi Seiyaku up Y110 to Y2,710 and Mitsubishi Chemical Industries Y30 higher at Y855.

Securities houses, which performed strongly in July, attracted buying interest. Nomura Securities soared Y110 to Y2,910 and Daiwa Securities Y90 to Y1,860, both all-time highs.

Kokusai Denshin Denwa (KDD), the highest-priced issue among stocks, rocketed Y1,000 to Y39,800.

Bond trading was also inactive throughout the day. Investors were awaiting key US economic data to be released this week, and the uncertain outlook for the yen-dollar exchange rate was another deterrent from entering the market.

In early trading the yield on the benchmark 6.2 per cent government bonds, maturing in July 1995, fell from Friday's 4.670 per cent to 4.660 per cent on small-lot buying. Later, however, the yield bounced back to 4.675 per cent.

### **HONG KONG**

EARLY profit-taking was countered by heavy overseas buying to leave Hong Kong mixed at the end of the session. The Hang Seng index, which opened with a 16-point loss, gradually recovered to end only 4.25 lower at 1,927.04, down from Friday's record.

Banks and financial issues were popular, and some managed to erase their losses. Hongkong and Shanghai Bank added 5 cents to HK\$7.00 while Hongkong and Kowloon Wharf recorded a similar rise to end at HK\$7.85.

### CANADA

MINING STOCKS and golds helped to extend the rally in Toronto for the fifth session as bullion and other commodity prices strengthened.

Among golds Campbell Red Lake added C\$1¼ to C\$28, International Corona moved C\$1¼ ahead to C\$21½ and Echo Bay Mines C\$\% to C\$28\%.

LONDON

THE UNDOUBTED feature of the day in London was gold as fears revived that an escalation of the economic measures against South Africa could result in disruptions to supplies of both gold and platinum.

Leading producers surged higher with Vaal Reefs up £8% at £43% and Doornfontein 78p up at 531p while Impala Platinum put on 115 51p 750p and De Beers deferred 28p to 435p.
Elsewhere, blue chips and other lead-

ing stocks moved a few pence cheaper although selling pressure was light. The FT-SE 100 share index added 16.1 to 1,542.8, and the FT Ordinary index ended 11.3 higher at 1,228.7.

Gilts fluctuated with the exchange rates, and longs ended around ¼ up.
Chief price changes, Page 27; Details,
Page 26; Share information service. Pages 24-25.

#### **SINGAPORE**

ECONOMIC data and statements from Malaysia's recently elected Prime Minister buoyed confidence in Singapore, and blue chips, especially Malaysian issues, firmed steadily.

News of second-quarter growth in the gross domestic product fuelled the rise while Malaysia's Bank Negara decision to suspend 23 investment co-operatives having difficulty meeting withdrawal demand only affected the morning session.

Institutions sought Fraser & Neave, up 30 cents at S\$8.15, and Singapore Press, 10 cents higher at SS8.30.

Among banks OCBC added 10 cents to S\$7.40, and UOB gained 4 cents to SS3.96, both after lower first-half earn-

#### **AUSTRALIA**

INDUSTRIALS continued uneasily ahead of next week's budget and the July balance of payments figures which are due this week.

Golds continued to dominate trading, and the gold index jumped 40 to 1,150.3 while the All Ordinaries only managed a gain of 0.3 to 1,153.8.

GMK rose 70 cents to A\$11.00, Kidston and Sons of Gwalia each gained 30 cents to A\$7.10 and A\$5.70, respectively, and Central Norseman ended 60 cents higher at A\$10.90.

**EUROPE** 

### Industrials and miners find favour

STRONG international buying surfaced in European industrial and mining shares yesterday.

Frankfurt enjoyed another surge of activity, with the Commerzbank index rising 62.50 to 2,014.50 after the 64-point jump on Friday.

Profit-takers trimmed some of the strongest gains in the car maker and chemical sectors, but brokers identified the underlying sentiment as fundamentally bullish.

The car makers, buoyed by the latest federal data on June registrations which showed a 4.4 per cent year-on-year in-crease, saw VW sprint DM 29.10 to DM

503.60, compared with an early DM 510. Daimler finished DM 55 higher at DM 1,247, and BMW firmed DM 13 to DM 531. Strong Swiss and British buying

was noted. Banks suffered some brisk profit-tak-ing but still finished up on the day.

Deutsche Bank, the largest "universal" bank in West Germany, added DM 55 to DM 827 after an early DM 836 while Dresdner showed a DM 12 gain to DM 447. Insurer Allianz remained volatile with its DM 55 jump to DM 2,425.

Moving against the trend were some of the leading stores groups which are beginning to report summer sales data. Karstadt reversed an opening gain of DM 4.50 to close DM 7.50 cheaper at DM 432, and Horten showed a DM 9 decline

to DM 210. Among mixed engineers, Mannes mann, which announced a large Czech order for one of its subsidiaries, rose DM 4 to DM 197 after an early DM 203 while KHD lost DM 10 to DM 225. Linde closed down DM 1 to DM 717.

In the bond market, prices showed gains of about 25 basis points mainly on an overflow of enthusiasm from the stock market and on the hopes that interest rates would fall shortly.

The Bundesbank sold DM 69.9m of pa-

per compared with Friday's sales of DM 100.9m.

Strong overseas demand was evident for the federal 6 per cent 2016, which added 30 basis points to 102.35.

Stockholm was the other main feature of European trading as the bourse hit a fresh peak. Declining interest rates, hopes of good corporate profits and a change in share taxation were cited by brokers as the cause for the upturn.

Electrolux was the most active with its SKr 6 rise to SKr 305. The world surge in gold prices buoyed mining and metal shares, pushing Boliden SKr 11 to a record SKr 230.

Volvo was SKr 5 higher at SKr 408 while Asea, due to report second-quarter figures later this week, slipped SKr 1 to SKr 377.

Total turnover fell slightly to SKr 321m from SKr 361m, and the Affars-varlden General index gained 3.5 to a new high of 718.5.

Amsterdam saw strong foreign -mainly West German and British - buying which boosted the ANP-CBS General index 1.9 points to 293.9.

Internationals were busy ahead of results. Philips added Fl 1 to Fl 51.80, Uni-

lever jumped Fl 5.90 to Fl 505.50 and KLM at Fl 49.20 was Fl 2.20 stronger. Bond prices firmed on the prospects of lower interest rates, and the CES bond index added 0.30 to 118.10.

Brussels was little changed spart from a BFr 5 jump to BFr 130 for steel group Cockerill and a BFr 50 gain to BFr 8,900 for Petrofina. Paris was becaimed, with only isolated interest in construc-

tions and some mines.
Zurich firmed on rate hopes, with internationals and banks finding steady

support. Milan was restricted by low turnover and slipped slightly.

Oslo was led higher by industrials, notably Kvaerner, up NKr 2.50 to NKr

#### SOUTH AFRICA

THE RUN to record continued in Johannesburg as the price of gold soared. The gold index posted its biggest single-day gain on a rush of local buying interest. Vaal Reefs shot up R22 to R322, and Anglo American Gold added R47 to R314 while among platinums, responding to higher world prices, Impala gained R6.25 to R57.25 and Rustenburg R3.50 to

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NOTICE OF REDEMPTION

To the Holders of

### **Phoenix Mutual Mortgage Funding Corporation**

101/4% Sinking Fund Bonds due September 12, 1992

NOTICE IS HEREBY GIVEN that, on September 12, 1986, pursuant to the provisions of the Indenture dated as of September 1, 1985 between Phoenix Mutual Mortgage Funding Corporation ("the Issuer") and The Chase Manhattan Bank (National Association), as Trustee, the Issuer has exercised its right to make an optional shiring fund redemption pursuant to Section 3.02(c) of Article III of the Indenture, in addition to the mandatory sinking fund redemption requirement of Section 3.02(b) of Article III of the Indenture.

redemption requirement of Section 3.02(b) of Article III of the Indenture.

The aggregate principal amount of Bonds to be redeemed is \$3,296,539.40 representing \$1,648,206.40 principal amount to be redeemed pursuant to the optional sinking fund redemption and \$1,648,333 principal amount to be redeemed pursuant to the mandatory sinking fund redemption. The aggregate principal amount per \$5,000 of original principal amount per \$5,000 of original principal amount of Bonds to be redeemed is \$177.10, representing \$88.55 principal amount per \$5,000 of original principal amount of Bonds redeemed pursuant to the optional sinking fund redemption and \$88.55 principal amount per \$5,000 of original principal amount of Bonds to be redeemed pursuant to the mandatory sinking fund redemption. The aggregate principal amount of Bonds remaining outstanding after giving effect to the optional and mandatory sinking fund redemptions will be \$89,773,460.60, representing \$4,882.90 per \$5,000 of original principal amount of the Bonds remaining outstanding.

principal amount of the Bonds remaining outstanding.

From and after September 12, 1986, interest on the portions of the Bonds to be redeemed will cease to accrue. Coupons which shall mature on said redemption date should be detached and surrendered for payment in the usual manner. Payment of principal on the Bearer Bonds will be made only upon presentation and surrender of the Bonds at The Chase Manhattan Bank, S.A. (Luxembourg), 47 Boulevard Royal, Luxembourg, Luxembourg, The Chase Manhattan Bank, N.A. (London), Woolgate House, Coleman Street, London EC 2P, 2HD, England, Banque de Commerce, S.A., 51-52 Avenue des Arts, B-1040 Brussels, Belgium or The Chase Manhattan Bank, N.A. (Switzerland), 63 Rue du Rhone, 1204, Geneva, Switzerland.

Phoenix Mutual Mortgage Funding Corporation

By: The Chase Manhattan Bank (National Association)

Trustee and American Paying Agent

Dated: August 12, 1986

NOTICE OF REDEMPTION

To the Holders of

### U.S. \$75,000,000 TransCanada PipeLines Limited

17%% Notes due October 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Condition 4(a) of the above-described Notes and Section 4(c) of the Fiscal and Paying Agency Agreement dated as of October 1, 1981 among TransCanada PipeLines Limited and Morgan Guaranty Trust Company of New York, Fiscal and Paying Agent. TransCanada PipeLines Limited intends to redeem on October 1, 1986 all of the 174% Notes due October 1, 1988 at a redemption price of 101.5% of the principal amount

Payment will be made in U.S. Dollars on and after October 1, 1986 upon presentation and surrender of the above Bearer Notes with coupons due October 1, 1987 and subsequent coupons attached, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York City, or ib) at the main offices of Morgan Guaranty Trust Company in Brussels, Frankfurt-am-Main, London and Paris or Union Bank of Switzerland in Zurich, or Union de Banques Suisses (Luxembourg) S.A. in Luxembourg, or Canadian Imperial Bank of Commerce in Toronto or The Royal Bank of Canada in Toronto.

Toronto or The Royal Bank of Canada in Toronto.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payments made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payee not recognized as exempt recipient fails to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate and fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Bearer Notes surrendered for payment should have attached all unmatured coupons appurtenant thereto. Coupons due October 1, 1986 should be detached and collected in the usual

namer.

From and after October 1, 1986 interest shall cease to accrue on the Notes.

TRANSCANADA PIPELINES LIMITED

Dated: August 12, 1986